Pınar Et
Annual Report 2009

Yaşar
for a better life

contents

leading position trusted brandname

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Pınar Et in Brief

The sector's leader in terms of technology and rich product line, Pınar Et's internationally recognized quality gives it an important position in world markets as well.

Pınar Et is a member of the Yaşar Group, one of Turkey's biggest and most highly respected corporate groups. Originally founded in 1945, Yaşar Group companies are active primarily in foods, beverages, and paints but also in sectors ranging from paper manufacturing to trade, tourism, and other services. Together they generate a substantial volume of added value for the Turkish economy.

The first fully integrated meat processor complying with EU norms in Turkey, Pınar Et commenced operations in 1985. Since the day it was founded, Pınar Et has always given the utmost attention to quality and to the rules of hygiene while providing its consumers with healthy, reliable, and tasty meat and meat products.

Pınar Et produces 29,000 tons of goods a year in plant facilities with about 46,000 m² of closed area and slaughtering and processing capacity corresponding to 102,000 cattle, 408,000 sheep, and 1,836,000 turkeys.

Determined to maintain its leadership in the processed and frozen meat and meat product business lines, Pınar Et is committed to the principles of contributing towards the growth and development of stock raising in Turkey and of making use of its superior technological means in order to meet the needs and expectations of consumers.

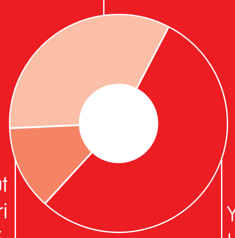
Pınar Et is the only supplier of meat and meat products in Turkey which does not procure carcasses from the market but which itself carries out all of its own slaughtering in its own facilities for all of the meat that it uses in its production. This is just one of the reasons why the Pınar Et trademark is so highly respected among consumers and purveyors alike. Pınar Et obtains all of the live animals needed for its production from Çamlı Yem Besicilik, another member of the Yaşar Group and one of Turkey's biggest stockgrowers, as well as from other producers with which the company has contractual agreements.

Animal sourced protein-rich nutrition plays an essential role in human's physical and mental development. In recognition of this fact, Pınar Et supplies meat and fish products that conform to the highest standards of quality in order to meet consumers' vitally important need for healthy animal-sourced protein.

Pınar Et constantly reviews and revises its product portfolio in line with consumers' changing wishes, needs, and expectations while also giving the utmost importance to the issues of food safety and traceability. Pınar Et is inspected every year by the European Food Safety Inspection Service (EFSIS), a worldwide independent inspection service provider for the food, drink, and allied industries. The consistently high marks that Pınar Et receives are the most importance evidence of why consumers have such confidence in its products.

Having identified its essential goal as one of distinguishing itself and pursuing growth through high added value products, Pınar Et engages in a never-ending effort to improve productivity and quality and to expand its product line by making the most effective use possible of modern technology in all of its production activities.

Pınar Et Shareholder Structure (%)



Issued Capital: TL 43,335,000
Registered Capital: TL 100,000,000

Shareholder	Share (%)	Amount (TL)
Yaşar Holding A.Ş.	54.18	23,476,893
Pınar Süt Mamülleri San. A.Ş.	12.58	5,451,752
Publicly held	33.24	14,406,355
Total	**100.00**	**43,335,000**

Pınar Et shares are listed on the Istanbul Stock Exchange National-100 Market with the ticker symbol PETUN.IS.

Highlights from Pınar Et's History and its "Firsts"

1985 Pınar Et, Turkey's first fully-integrated and privately-owned meat plant, is established.

1987 Pınar Et introduces the first industrial IQF hamburgers.

1988 Birmaş meat market chain is set up to sell the carcass meat varieties produced by Pınar Et.

1994 Pınar Et becomes the first in the meat sector in Turkey to receive ISO 9002 Quality Management System certification.

1998 The Yaşar Group sets up the country's first fully-integrated facility to raise, slaughter, process, and sell turkey meat and meat products.

2000 Pınar Et's sliced meat products start being produced for the first time in Turkey using clean-room technology and under the strictest hygienic conditions.

2001 Pınar Et for the first time begins producing and selling doner for the food trade on an industrial scale but with the same delicious flavor and aroma as classical Turkish doner kebab.

The company introduces frozen seafood products.

2003 Pınar Et receives TS ISO 9001:2000 Quality Management System certification.

2004 Pınar Et is awarded ISO 14001 Environmental Management System certification.

Pınar Et launches "Turkey's meatballs": Nine different varieties of traditional Turkish kofte.

2006 Pınar Et becomes the first company in its sector to receive TSE ISO 22000 Food Safety Management System certification.

2007 Pınar Et becomes the first company in its sector to receive TSE OHSAS 18001 Occupational Health & Safety Assessment Series certification.

Pınar Et's success is awarded by the İzmir branch of KalDer, the Turkish Quality Association.

2008 Pınar Et becomes the first company in its sector to receive TSE 17025 Laboratory Accreditation.

Pınar Et becomes the first company in Turkey's food industry to undertake a Lean 6 Sigma operational excellence and productivity project.

2009 Two new products– Pınar Misket meatballs and Pizzato (a thin-crust pizza)–are introduced.

Pınar Et's Competitive Advantages

Modern technology Hygienic production

Strong financial performance
- Productive cost structure
- Innovative culture
- Strong and extensive supplier network
- Group-wise synergies

The most advanced technology
- Highest production quality and compliance with hygienic and EU standards
- Productive supplier processes
- 100% traceable production processes
- Systematic supplier performance evaluation
- Advanced R&D capabilities

Trusted brand
- Processed meat industry leader
- Turkey's most admired brand in the meat and meat products sector (according to Turkish Customer Satisfaction Index)
- First-mentioned brand in nearly every processed meat category
- One of Turkey's "super-brands"
- Fifth-ranked brand that Turkish consumers most closely identify with
- Close communication with suppliers and consumers
- One of the first members of the Turquality project to support Turkish-made products internationally

Pınar Et by Numbers

- In 2009 Pınar Et once again commanded a leading position in its sector with market shares of 19% in charcuterie and of 63.3% in frozen meat products.
- In 2009 Pınar Et exported goods worth a total of USD 3.5 million.
- In 2009 Pınar Et registered a 2% rate of growth in its charcuterie group. With a household penetration rate of 37.5%, Pınar Et succeeded in entering nearly two out of every five homes in Turkey.

Production facilities

Closed area	46,000 m²
Land area	284,000 m²
Total area	**330,000 m²**

Pınar Et production facilities

Pınar Et production facilities
Integrated Red Meat Production Facility
Integrated Turkey Meat Production Facility
Processed Seafood Plant

Pınar Et by Numbers

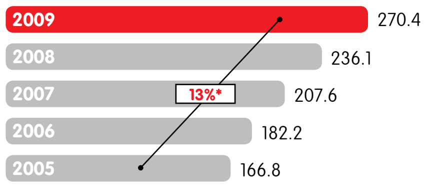
Financial Highlights

(TL million)	2009	2008	% change
Total assets	342.7	310.2	10.5
Shareholders' equity	270.4	236.1	14.5
Financial liabilities	11.4	20.6	-44.7
Sales revenues	307.9	306.1	0.6
Profit before taxation on income	47.6	38	25.3
Net period profit	40.1	31.7	26.5
Earnings per share (TL)	0.9244	0.7322	26.2

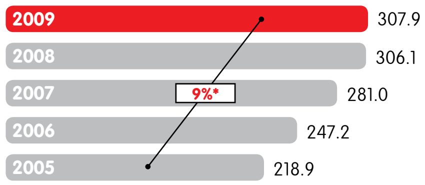
Financial Ratios

	2009	2008
Total liabilities/Total assets (%)	21.09	23.88
Total liabilities/Shareholders' equity (%)	26.73	31.37
Return on sales (%)	13.01	10.37
Current assets/Current liabilities	2.01	1.42
Equity turnover ratio	1.14	1.30
Net financing costs/Net sales (%)	1.40	4.09
Net financing costs/Shareholders' equity (%)	1.59	5.31

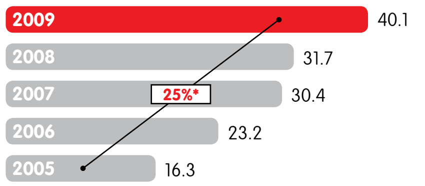
Shareholders' Equity (TL million)



Sales Revenues (TL million)



Net Period Profit (TL million)



* Compound Annual Growth Rate (CAGR).

Market shares

Soudjouk
15%
1st in sector

Salamis
30%
1st in sector

Sausages
28%
1st in sector

Frozen meat products
63%
1st in sector

Frozen dough products
14%
2nd in sector

Fresh-cooked meat products
15%
2nd in sector

Source: Nielsen

Production (tons)

Products	2009	2008	% change
Finished products	29,744	30,396	(2.14)
Meat	6,302	6,943	(9.23)
Rendering	3,830	4,420	(13.36)
Total	**39,876**	**41,759**	**(4.51)**

Sales (TL)

Products	2009	2008	% change
Charcuterie	192,447,328	188,997,481	1.83
Further processed products	119,082,127	120,879,891	(1.49)
Fresh meat	58,321,207	59,521,753	(2.02)
Others	10,901,253	11,912,311	(8.49)
Total	**380,751,915**	**381,311,436**	**(0.15)**

Chairperson's Message

Innovation keeps us one step ahead

Our brand recognition as Pınar Et, our product quality, our corporate image, our customer loyalty, and our reliable production processes always keep us one step ahead of our competitors and this is what enables us to run a completely different race.

Pınar Et's biggest goal is to be a company whose innovative and pioneering practices create demand in its sector, whose success in the international arena constantly grows, and whose product lines are continuously being expanded.

As the representative of a quarter of a century of practical experience and discipline in its sector, Pınar Et has achieved a leading position in its industry in Turkey as much due to its innovativeness as because of the importance that it gives to investing in technology and people. Both the experience that we have built up and the confidence that we inspire among our consumers as a result of this process encourage us to come up with and offer even more innovative products in the years ahead while at the same time exciting us and, most important of all, showing us the way to new initiatives.

Since the day this company was founded, it has accepted that its most fundamental principle is to keep a close watch on worldwide trends as it leads the way in sustainable profitability and in growing its own market. The formula underlying our success in this embodies a dynamic corporate culture that is capable of quickly taking measures to adapt to changing market conditions, strengths that allow it to keep a close watch on and to internalize innovations in its sector, and an approach to production that is focused on the customer.

Before proceeding to our company's performance and results in 2009, I want to talk briefly about the economic situation that prevailed last year.

We have just put behind us a year in which the effects of the global economic crisis continued to be felt.

The impact of developments experienced in financial markets beginning with the last quarter of 2008 on real sector macroeconomic parameters made itself quite evident in 2009. During the first half of the year, growth rates slowed down while unemployment soared. The packages of fiscal and political measures that both the developed and the developing countries introduced started to take effect with the result that the process of recovery in the global economy got under way in the third quarter of 2009.

According to revised International Monetary Fund estimates for the month of January 2010, the global economy is believed to have undergone a 0.8% contraction in 2009 while growth rates of 3.9% and 4.3% are projected for 2010 and 2011 respectively.

The adverse impact of the global economic crisis on both economic indicators and financial markets in Turkey were felt all year long in 2009. The contraction in the Turkish economy became quite evident in the first quarter of 2009, with GDP down 14.7% compared with the same quarter of the previous year. Nevertheless the rate of economic contraction began to slow down as of the second quarter of the year with the result that the twelve-month contraction in the Turkish economy as of end-2009 was "only" 4.7%.

We registered successful results thanks to our effective process management.

Taking all of the foreseeable factors into account given the economic conditions of 2009, we successfully applied our strategies and maintained our consistent performance. Pınar Et achieved successful results in its budget targets as thanks to the effective management, production, marketing, and sales activities that it carried out. Our trusted brands and sales and distribution strengths contributed greatly to the financial and operational results that we registered as did the fact that the sector in which we are active–foods–is one that was relatively less affected by the global downturn.

In 2009 Pınar Et strengthened its leadership in the cold meats sector with market shares of 30.1% in salamis, 15% in soudjouk, and 27.6% in sausages. In the case of frozen meat products, our company controls an overwhelming 63.3% market share.

In 2009 our company booked a turnover of TL 381 million. Total assets last year were worth TL 343 million while our net sales weighed in at TL 308 million. Pınar Et's EBITDA amounted to TL 308 million in 2009 while the company also generated a profit-per-share figure of TL 0.9224.

We continued to be one of the most valuable trademarks in Turkey.

Pınar is a member of the Yaşar Group, a corporate group whose origins reach back 64 years, which has a strong track record of undertaking major industrial investments in Turkey, and which responds to consumers' varied needs with an extensive range of products. Pınar is a widely-recognized trademark which consumers identify with and which has become an essential part of their everyday lives. Pınar has been providing Turkish consumers with healthy, tasteful products for many years, during the course of which the company has also been the author of many firsts in many different segments of the food industry.

We constantly take pains to deliver differentiated products that provide high added value.

For thirty-five years Pınar's mission has been to be a source of health, taste, and innovation–a source of life for consumers of every age group.

According to the Turkish Customer Satisfaction Index, Pınar Et is regarded as the best brandname in the meat and meat products sector and ranks among the top five which consumers feel the closest to and which they trust the most.

The widespread effects of the global economic crisis throughout 2009 and severe competition in our sector continued to pose difficulties in terms of both pricing and making sales.

Anticipating that there would be heightened demand for goods in the medium-price range in 2009, Pınar Et introduced new products capable of appealing to that segment last year. In line with this strategy, the Doyum line, in our charcuterie group, was expanded. In 2009 we also launched Misket koftes, a new addition to our frozen products portfolio. At the same time, we continued to communicate with consumers through new campaigns centered around the theme of strengthening Pınar's stature as the brandname that first comes to mind.

We have many attributes that distinguish us from our competitors and make us stand out among them.

Our brand recognition as Pınar Et, our product quality, our corporate image, our customer loyalty, and our reliable production processes always keep us one step ahead of our competitors and this is what enables us to run a completely different race. We constantly take pains to deliver differentiated products that provide high added value.

In addition to that carefulness, our position in the sector is also supported by a steady stream of creative and innovative ideas. For example all the meat that we use in our production processes is produced also in our own plant and we do not buy any carcasses off the market. In that respect we are unique and unchallenged in the industry.

We also take and ensure the implementation of measures aimed at achieving the highest possible level of food safety. Animals are checked by veterinarians for disease both before and after slaughtering and all activities are cross-checked for compliance with prescribed parameters at systematically determined critical checkpoints. This system makes it possible to have immediate access to information about animals (such as vaccinations and any antibiotics or other pharmaceuticals to which they may have been exposed). At the same time, all necessary biosecurity precautions are taken to ensure food safety and traceability.

We procure 80% of our annual requirements from purveyors with which we have contractual agreements that provide guarantees with respect to price and supply. We obtain turkeys from a sister company and chicken meat from suppliers in Turkey who are licensed to export poultry meat to the European Union. At the same time, our own extensive distribution network allows us to supply our products in the safest and most reliable way possible to consumers almost everywhere in Turkey.

Since the day it was founded, our company has been committed to improving its environmental performance through the investments that it has undertaken and the certifications that it has been awarded.

We have an environmental management system that is developed to systematically minimize any harm that our activities cause or may cause to the environment and to eliminate such losses wherever possible. Our environment-protection goals are reviewed and expanded year after year while we make a special effort to employ environment-friendly materials and technologies in newly designed products and to make use of recyclable packaging.

Pınar Et continuously reviews its production processes with an eye on reducing water consumption. Employees are given training on this and other natural resource conservation issues.

During 2009 it was decided to make improvements in our waste water treatment plant and to increase its capacity with the addition of new systems in order to further enhance the company's environmental performance. We have considered newly available technological alternatives, selected a system which not only is more environment-friendly but which also uses less energy, and made our first improvements in our sludge dewatering unit.

When it was founded back in 1985, Pınar Et attracted attention as one of only a very few enterprises in its sector to have its own waste treatment plant. Our company maintained its pioneering reputation in this area by becoming the first to receive and successfully internalize ISO certifications. Pınar Et currently conducts all of its activities subject to the ISO 9001:2000 Quality Management System, ISO 14001 Environmental Management System, ISO 22000 Food Safety Management System, and OHSAS 18001 Occupational Health & Safety Management certifications that it has been awarded. Each one of these management systems is audited every year. During 2009 Pınar Et was exhaustively audited by Turkish Standards Institute in May and by the British firm EFSIS SAI Global in December. All of its management systems passed inspection and received an "A" grade, the highest possible rating.

We regard our business as a market with tremendous growth potential.
Pınar Et's biggest goal is to be a company whose innovative and pioneering practices create demand in its sector, whose success in the international arena constantly grows, and whose product lines are continuously being expanded.

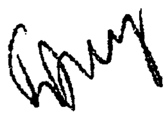
The food and beverages industry in which we are active accounts for some 19% of GDP in Turkey, a performance that makes it the second biggest sector in the national economy.

Taking Turkey's own economic and demographic features and its geographical proximity to both European and Middle Eastern markets into consideration, we believe that our sector has the potential to grow by about 7-10% a year on average. Among the factors that support this belief I may cite:

- Steadily increasing demand for prepackaged products due to health and hygiene considerations
- A move towards prepared foods that is driven by a growing number of women in the labor force
- Increased consumption of healthy, branded food products as education levels rise
- A trend that favors high added-value, feature-enriched products in general.

We are committed to upholding our reputation as a pioneer in the future as well.
Pınar Et continues to advance sure-footedly on its journey into the future supported by its strong foresight, its correct strategies, its consumer-focused business approach, and its innovative attitudes. Aware that the sector in which we are involved is constantly moving forward and bolstered by the valuable experience that it has acquired over more than a quarter of a century, our company is determined to remain an innovator in the future as well.

2009 was a year in which we made significant progress towards achieving our overall goals. I therefore take this opportunity to express my boundless thanks to everyone who has had a hand in our growth and in our successful results: our employees, our supportive shareholders, all the suppliers with which we do business, and of course our customers for preferring Pınar Et.



İdil Yiğitbaşı
Chairperson of the Board of Directors

Board of Directors

İdil Yiğitbaşı
Chairperson

Yılmaz Gökoğlu
Deputy Chairperson

Mehmet Aktaş
Director

Hakkı Hikmet Altan
Director

Suat Özyiğit
Director

Ali Sözen
Director

Ergun Akyol
Director

Senior Management and Board of Auditors

Senior Management

Zeki Ilgaz
General Manager

Mustafa Şahin Dal
Financial Affairs and Budget Control Director

Muzaffer Bekar
Finance Director

Tunç Tuncer
Technical Director

Board of Auditors

Kamil Deveci
Member

Erdem Çakırokkalı
Member

Terms of Office of the Company's Directors and Statutory Auditors

Board of Directors

Name	Title
İdil Yiğitbaşı	Chairperson
Yılmaz Gökoğlu	Deputy Chairperson
Mehmet Aktaş	Director
Hakkı Hikmet Altan	Director
Suat Özyiğit	Director
Ali Sözen	Director
Ergun Akyol	Director

- At the annual general meeting held on 12 May 2009, the following elections to seats on the Board of Directors were approved: Hakkı Hikmet Altan, who replaced Taşkın Tuğlular; Mehmet Aktaş, who replaced Ata Murat Kudat; Suat Özyiğit, who replaced B. Safa Ocak.
- At a meeting of the Board of Directors held on 18 June 2009, İdil Yiğitbaşı was elected chairperson of the Board of Directors and Yılmaz Gökoğlu was elected deputy chairperson of the Board of Directors.
- On 24 September 2009, Ali Sözen was elected to a seat on the Board of Directors to replace Emine Feyhan, who resigned as of 11 August 2009.
- On 28 December 2009, Ergun Akyol was elected to replace Zeki Ilgaz, who had resigned his seat on the Board of Directors.

Limits of Authority:
The chairperson and members of the Board of Directors possess all of the authorities provided for under the Turkish Commercial Code and under articles 10 and 11 of the company's articles of incorporation.

Board of Auditors

Name	Appointed on	Term of office
Kamil Deveci	12.05.2009	1 Year
Erdem Çakırokkalı	12.05.2009	1 Year

Limits of Authority:
Under article 14 of the company's articles of incorporation, the duties, authorities, and responsibilities of the statutory auditors are governed by the principles set forth in the relevant articles of the Turkish Commercial Code.

Macroeconomic and Sectoral Overview

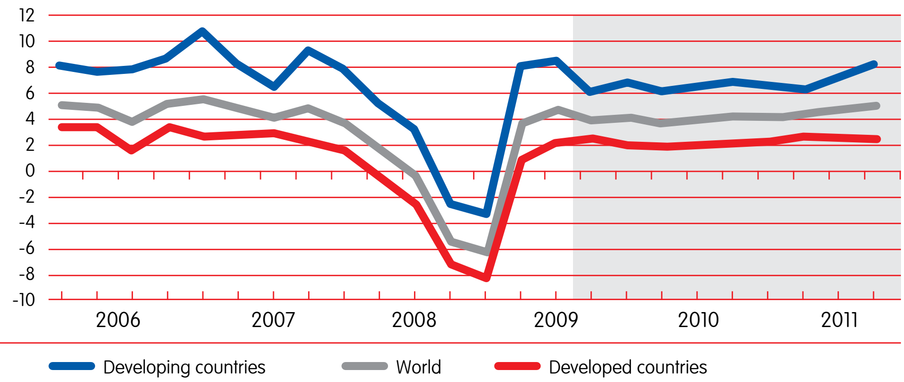
the global economy signs of improvement

The contraction in total demand triggered by the global economic crisis affected the Turkish economy as well.

The processed meat product market in Turkey grew by 2% year-on-year on a turnover basis in 2009. Figures indicate that at least one cold meat product entered 87.7% of the country's households last year.

A gradual transition
Even though the recovery has begun what is most certain is that the timing of the crisis-exit process is going to be tricky and that a gradual transition is going to be required.

Real GDP (Annual change %)



Source: IMF

The World Economy

Responding to the packages of fiscal and monetary measures put into effect by the governments of the world's developed and developing countries to deal with the global crisis, a process of economic recovery got under way in the third quarter of 2009.

However despite factors that support a positive outlook such as strong domestic demand and rising consumption outlays in the USA and other leading economies, a return by manufacturers to building up stocks, and normalization of the terms of global trade, there have been only dilatory improvements in the global economy's leading indicators so far. Factors such as high unemployment rates, persistently tight credit, and severe impairments in budget balances in particular suggest that any recovery in the global economy will be slow and is going to take time.

According to its most recent (January 2010) revision, the International Monetary Fund (IMF) posits a 0.8% contraction in the global economy during 2009 while also projecting growth rates of 3.9% in 2010 and 4.3% in 2011.

As a result of weak demand brought on by the global credit crunch, inflation remained in decline throughout the downturn. This in turn made it possible for the monetary authorities of both the developed and the developing countries to relax monetary policies to a significant degree in the effort to limit the effects of the cutback in economic activity. Responding to such expansionist monetary policies, interest rates fell to historically low levels.

Suggestions that economies have bottomed out and that recovery has begun provoke debates over when expansionist fiscal and monetary policies should be ended and when monetary authorities should begin raising interest rates again. At this juncture what is most certain is that the timing of the crisis-exit process is going to be tricky and that a gradual transition is going to be required.

According to end-2009 figures, the twelve-month rises in CPI and PPI were 6.53% and 5.93% respectively.

The Turkish Economy

The contractionary pressures that the global crisis exerted on total demand made themselves felt in the real sector of the Turkish economy as well and they caused both production and employment figures to fall.

Having become quite evident in the last quarter of 2008, the contraction in the Turkish economy increased its impact in the first quarter of 2009, during which there was a quarter-to-quarter GDP decline on the order of 14.7% compared with 2008. Beginning with the second quarter of the year however, the contraction began to slow down with the result that the overall decline in the first 9 months was 8.4%.

By contrast, economic growth is now thought to have resumed in the last quarter of the year. This outcome is attributed largely to four developments:

- The Central Bank's cuts in its short-term interest rates finally kicked in and began to take effect, albeit after some delay.
- Banks in general supported consumption by lowering their credit interest rates.
- As developed countries' economies began showing signs of recovery, Turkish-made goods discovered new market opportunities and this spurred the growth of the country's exports.
- Poor economic performance in the first three quarters created a low so-called "base effect" that seemed to amplify the results in the last quarter.

In light of these developments the Turkish economy shrank 4.7% overall in 2009.

The official unemployment rate, widely regarded everywhere as the most important structural indicator of economic activity, reached a record-breaking 16% in Turkey before receding to the 13% or so level in the last quarter.

Paralleling declines in domestic and foreign demand, Turkey experienced significant contractions in both its imports and its exports throughout 2009. Indeed imports shrank faster than exports with the result that there was a significant reduction in the country's foreign trade deficit. CIF imports were down 30.3% year-on-year to USD 140.8 billion while FOB exports shrank 22.6% to USD 102.2 billion. Even Turkey's "suitcase trade" suffered, dropping 22.9% to USD 4.8 billion last year.

The current account deficit, which hitherto had been moving along a precarious course, continued to decline all year long, dropping 67% in the twelve months to end-2009 from USD 41.9 billion to USD 13.8 billion. Nevertheless rises in energy prices and renewed demand for imports are likely to resume widening the deficit once again, however slowly.

Despite some improvements in the month of December, the central government budget deficit stood at TL 52.6 billion as of end-2009, three times what it had been the year before. The factors contributing to this result are said to be rapid growth in

Foreign trade down
The effects of the global economic crisis made themselves felt in Turkey's foreign trade, which was down 2.72% by total volume.

Slow down in contraction
Beginning with the second quarter of the year, the contraction began to slow down with the result that the Turkish economy shrank 4.7% overall in 2009.

Total Exports (USD billion)

2009	102
2008	132
2007	105

Total Imports (USD billion)

2009	141
2008	202
2007	170

GDP Growth Rate (%)

2009	-4.7
2008	0.9

current account transfers (nourished especially by local elections in the first quarter of the year) on the expenditures side and, on the revenues side, tax and non-tax receipts that were lower than what they had been in 2008 as a result of depressed economic activity in 2009. During the same period the non-interest surplus also shrank from TL 33.2 billion to TL 571 million.

The government has announced its medium-term program covering the years 2010-2012, according to which it is said that importance will be given to policies aimed at permanently increasing production, investment, and exportation in the national economy. Foremost among the measures that are to be taken is the introduction of the so-called "golden rule" of fiscal policy whose aim is to ensure that the ratio of public sector debt to national income remains sustainable over the medium and long terms.

When the marked contraction in the propensity to consume and in total demand combined with sharp declines in commodity prices, the result was a rapid drop in inflation rates everywhere in the world, including Turkey. According to end-2009 figures, the twelve-month rises in CPI and PPI were 6.53% and 5.93% respectively.

Anticipating that there would be a rapid decline in inflation beginning with the last quarter of 2008, the Central Bank focused its attentions on containing the damage that this might potentially cause to economic activity. While rapidly reducing its short-term interest rates in this process, the bank adhered to a liquidity policy that sought to maintain a balance and to loosen up credit markets. As a result of the interest rate cuts that the Central Bank began making in October 2008, short-term interest rates dropped to the 6.50% level as of November 2010.

The most critical determinant of success has become understanding consumers' expectations correctly and delivering different solutions and additional benefits that satisfy them.

Turkey's international rankings in the livestock industry

25th in number of cattle
15th in cow milk production
26th in beef meat production
60th in milk productivity per cow
52nd in average beef carcass weight

The processed meat industry

The price of red meat increased 39% year-on in 2009.
Red meat prices in Turkey have increased significantly of late. Paralleling this, the prices of products in which meat is a principal ingredient have also been on the rise. Both shrinking demand and retarded growth are seen as contributing towards price speculation.

While there were no significant changes in cattle prices during the first half of the year, prices shot up by 35% in the second while serious supply-side problems were also experienced.

Two factors in particular contributed to the sector's problems. The first was an excessive rise in feed prices brought on by drought conditions in 2007 and 2008. The second was depressed raw milk prices caused by high-volume imports of dehydrated milk.

Drought conditions prevailed in many parts of the world in 2007 but in Turkey they are thought to have led to losses on the order of nearly USD 5 billion. The country's barley crop, which is a matter of the utmost concern to the stock raising industry because barley is the raw material from which much animal feed is made, plummeted from 9 million tons to only 5.2 million. Similar declines were to be observed in other fodders. Such shortfalls in crop production meant that it was necessary to have recourse to more expensive imported substitutes.

Higher feed prices, a 50% reduction in government support, and large volumes of (legal and illegal) powdered milk imports combined to drive the price of raw milk down to less than a third of a lira a liter.

Having to contend with powdered milk imports as well as with costlier feed, many raw milk producers were forced out of business. Those with deeper pockets struggled to hang on while others sent their dairy cattle to the slaughterhouse. Red meat production, which amounted to 409,000 tons and 439,000 tons in 2005 and 2006 respectively, shot up to 576,000 tons in 2007 due to such widespread slaughtering. According to officially published figures, 400,000 dairy cattle were slaughtered. While this did have the effect of driving meat and dairy prices upwards, it was not sufficient to overcome the stock raising industry's underlying problems. By the end of 2009, the price of raw milk approached the one-lira level while the price of red meat had increased by 38% year-on after having remained at virtually the same level for about three years.

The number of cattle in Turkey is estimated to have declined to 10 million head in 2009.

Livestock overview

10 million head of cattle
24 million head of sheep & goats
Average 11 million tons of milk produced annually
Average 500,000 tons of red meat produced annually
Average 4 tons milk production per cow
Average 215 kg beef carcass weight

Cattle in Turkey (x 1,000 head)

Year	Domestic	Pure-breed	Hybrid	Total
2004	3,565	4,395	2,109	10,069
2005	3,633	4,538	2,355	10,526
2006	3,405	4,694	2,772	10,871
2007	3,276	4,465	3,296	11,037
2008	2,851	4,455	3,555	10,861

Source: TurkStat

Poultry meat exports rose 76% in value during 2009.
Although confirmed figures are as yet unavailable, it is estimated that chicken meat production increased between 3-5% in 2009 while turkey meat production, which amounted to 35,000 tons in 2008, remained at about the same level in 2009. A feature common to both 2008 and 2009 was the positive growth in chicken meat exports. Poultry meat exports, which increased by 36% in 2007, are continuing to rise and were up 56% in 2008 and 44% in 2009. Even more significant was the increase in the overall value of poultry exports which rose by 60%, 100%, and 76% year-on in 2007, 2008, and 2009 respectively.

Breaking free of its enduring association with holiday fare, turkey has become a meat which is consumed year-round and which is preferred by many for its health benefits and flavor, for its low fat and cholesterol levels, and for its high protein values. Compared with the situation that prevails elsewhere, turkey meat consumption in our own country is still quite low however: current estimates put the per-capita value at a mere 500 grams, well below the 8 kg and 6-8 kg levels that obtain in the United States and western Europe.

The demand for packaged charcuterie products is growing.
The processed meat product market in Turkey grew by 2% year-to-year on a turnover basis in 2009. Figures indicate that at least one cold meat product entered 87.7% of the country's households last year.

There appears to be a movement towards composites in charcuterie products, a trend that is most likely being driven by price. While special offers do stimulate overall demand, it is important that unit prices be accessible to consumers.

The number of discount and local chains is increasing steadily as is their influence while there appears to be a corresponding move away from hypermarkets. Demand in the latter (hypermarkets) manifests itself as less-frequent but larger-volume purchases and a preference for bigger-sized packages and for price economies. In smaller markets and traditional shops where purchases are made more often, the preference is for quantities which can be consumed rather quickly and for goods whose unit price is attractive. There is a marked trend towards prepackaged products and away from cut-to-order products.

In light of these and other trends, the most critical determinant of success has become understanding consumers' expectations correctly and delivering different solutions and additional benefits that satisfy them.

Assessment of 2009 Activities

The brand that always has something better to offer

Pınar Et focuses its attentions on high added value product groups with the aim of pursuing growth and staying ahead in those categories while maintaining its reputation as the brand that always has something better to offer its consumers.

In line with the consumer demands and expectations whose emergence was anticipated in the wake of the global economic crisis, Pınar Et took a proactive approach in shaping its marketing and communication activities. The company was thus able to perform successfully in 2009 thanks to the measures that it took on the issues of:

- Production
- Branding
- Distribution
- Product portfolio management.

In 2009 the company chose to pursue growth in product groups whose profitability is high while reducing its presence in those where it is low. This strategy resulted in a 2% quantitative increase in the charcuterie growth and declines in the others. Thanks also to measures taken to deal with returns, return rates were lowered. The outcome of these and other efforts was a net 1% rise in sales last year.

The company maintained its profit margin by holding its gross sales profit in 2009 at the same level as the previous year's.

A preferred choice

The market leader in all categories of cold meat and of frozen meat products, Pınar Et also ranks second in frozen baked goods and fresh-cooked meat products.

2009 results by product group, brand, and primary product segment

Pınar Et product groups

• Charcuterie (soudjouk, salamis, sausages, sliced meat products)
• Frozen products (hamburgers, koftes, cooked trayed beef and turkey products, pizzas, puff pastry)
• Seafood products
• Fresh meats (turkey, beef, lamb)

Charcuterie product branding

Soudjouk: Pınar Klasik, Pınar Şölen, Pınar Az Baharatlı, Pınar Mangal Keyfi, Pınar Hindi, Pınar Doyum, Pınar Büfe, Servis*
Salamis: Pınar, Pınar Açık Büfe, Pınar Büfe, Pınar Doyum, Servis*
Sausages: Pınar, Pınar Doyum, Pınar Büfe, Servis*

* Products designated "Servis" are intended for the food service.

The leader of the soudjouk category

Turnover in the soudjouk market increased by 3.4% in 2009 on sales worth TL 455 million. Soudjouk category goods had an 80% household penetration rate in Turkey in 2009 with the biggest change taking place in supermarkets' private-label brands, which grew some 50% by volume and reached a penetration rate of 19.4%. Pınar Sucuk remained the leading brand with a 15% share of the market's turnover. (Source: Nielsen.) Pınar Sucuk increased its household penetration rate by 1.2 points last year to 19.4%. (Source: IPSOS.)

Pınar Salam: A leader with a 30% market share three times the nearest competitor's

Turnover in the salami market increased by 1.5% in 2009 on sales worth TL 184 million. (Source: Nielsen.) Salami category goods had a 45% household penetration rate in Turkey last year, which corresponds to a one percentage-point year-on rise, while there was also a movement away from smaller-size packages to more economical, larger-size ones.

During the same period, Pınar Salam increased its own share of the market's turnover by 1.4 percentage points to 30%, which is more than three times that of its nearest competitor. Pınar Salam increased its household penetration rate by 1 point last year to 16%. (Source: IPSOS.)

The brand with the highest penetration in the sausage market

Turnover in the sausage market increased by 1% in 2009 on sales worth TL 136 million. (Source: Nielsen.) Sausage category goods had a 51% household penetration rate in Turkey last year, which corresponds to a one percentage-point year-on rise. The biggest change took place in packaged goods, which accounted for 78% of sales.

Pınar Sosis successfully defended its leading position with a 28% of the market's turnover in 2009 while also increasing its household penetration rate by 1.3 points year-on. Pınar Sosis's 17.3% penetration rate remains the highest of any brand in the hotdog category. (Source: IPSOS.)

Continued success in frozen meat products

The market for frozen meat products grew by about 6% on a turnover basis in the year to end-2009 and reached TL 21 million in value.

Meat and fish products that conform to the highest standards of quality

Pınar Et supplies meat and fish products that conform to the highest standards of quality in order to meet consumers' vitally important need for healthy animal-sourced protein.

At end-2009, Pınar Et had successfully defended its market shares in terms of both volume and turnover and was the leader with sales corresponding to 63% of the total.

Strongly positioned in the frozen dough products market

The market for frozen dough products grew 2% in 2009 with Pınar Et ranking third with 10% and 14% shares of volume and turnover respectively.

Pursuing solid growth in fresh-cooked meat products

Pınar Et's share of the market for fresh-cooked meat products increased by 4% on a turnover basis and reached TL 39.5 million in 2009. Kofte and breaded product segment shares rose while doner and burger segment shares fell.

Pınar Et booked a 15% share of this market's turnover in 2009, a performance that ranked it in second place as of year-end. Pınar Et's strategy in this category is to refrain from competing on price and instead to pursue solid and sustainable growth without degrading the quality of its products.

Effective marketing strategies

The fundamental tenets of Pınar Et's marketing strategy are to focus on high added value product groups, to pursue growth and remain the leader in such groups, and to be a company that always offers its consumers something better.

Pınar Et successfully sells at least one charcuterie product to four out of every ten households in Turkey and it is the market leader in all subcategories of such products.

The undisputed leader in the frozen meat products category as well, Pınar Et is the brand that single-handedly created this market in Turkey and nourished its growth. Pınar Et is still the only brand that supplies frozen koftes, burgers, breaded products, pizzas, and puff pastry to consumers located everywhere in the country.

During 2009 Pınar Et conducted advertising campaigns for its soudjouk, sausages, and frozen kofte product lines. The company's "Pınar Sucuk" campaign focusing on the traditional flavor and appeal of its soudjouk products attracted great attention while new advertising in the sausage category succeeded in capturing a 28% market share on a turnover basis.

Exports: Pınar is a favorite and preferred brand in neighboring countries too.

Pınar Et exports consist of:

- Charcuterie products
- Frozen products
- Seafood products

The company's goods are shipped to Azerbaijan, Bahrain, Kazakhstan, Kuwait, Qatar, Saudi Arabia, Turkmenistan, United Arab Emirates, Uzbekistan, and Yemen.

In 2009 Pınar Et booked export sales worth a total of USD 3.5 million. The company's export sales are shaped by the vision of offering consumers in different countries products that will appeal to their particular tastes. Pınar Et engages in an ongoing R&D and marketing effort in order to achieve this.

During 2009 Pınar Et introduced fifteen new products in different categories specially designed to appeal to consumer tastes.

New products enrich Pınar Et's product line and reinforce customer satisfaction.
During 2009 Pınar Et introduced fifteen new products in different categories specially designed to appeal to consumer tastes:

- Yörük ring soudjouk
- Misket koftes
- Turkey drumsticks
- Turkey wing tips
- Turkey necks
- Skinless turkey breasts
- Ground turkey meat
- Alaturka Pizza
- 50 gr breaded chicken cutlets
- 60 gr single-serving pack sliced salami
- Misket koftes (food trade pack)
- 180 gr Doyum half-ring soudjouk
- Pınar fish burgers
- fish fingers with Tomato
- fish fingers with Vegetable

In addition, the company also introduced cleaned frozen sea bream and sea bass for the export market. Pınar Et is currently engaged in an ongoing effort to add new products to its lineup of natural and healthy cooked products.

Strategic investment plan
During 2009 Pınar Et once again continued its ongoing efforts to carry out projects in line with its strategic investment plan and with the aim of increasing total output and quality in all matters pertaining to production, environmental protection, and people.

In 2009 Pınar Et spent a total of TL 1,618,000 on all of its investments, which are broken down as follows: TL 83,000 for infrastructure & grounds, TL 135,000 for buildings, TL 135,000 for machinery & equipment, TL 583,000 for fixtures, and TL 4,000 for intangible fixed assets.

The Pınar Communication Center was reorganized in 2009.
The Pınar Communication Center receives, records, and initiates action on complaints, suggestions, proffered information, expressions of thanks, and other feedback that it receives from consumers by telephone, email, fax, letter, etc.

The Pınar Communication Center was reorganized in late 2009 in order to reach consumers faster, address their problems more efficiently, and enhance their satisfaction. As a result of this reorganization, consumers' calls are now being responded to 24 hours a day 7 days a week. Thanks to its new system, the Pınar Communication Center is accessible on 444 7627 via fixed and mobile lines from anywhere in Turkey without the need for dialing an area code.

Pınar is planning to conduct a customer satisfaction survey in 2010 with the aim of improving its service quality. Work has begun on a project to assess the customer feedback that is received by the Pınar Communication Center in this survey and to ensure that the results are used effectively in improving and streamlining the company's business processes.

Human resources: The engine of Pınar Et's success
The foundations of Pınar Et's success are rooted in the company's awareness that people are the true source of its strength. The fundamental mission of Pınar Et Human Resources is to ensure that the company has all of the productive, motivated, and high-performing human resources that it needs. Believing that improving its employees' performance improves its own corporate performance

as well, Pınar Et successfully achieved its targets in 2009 with 507 people on its payroll.

Pınar Et gives great importance to its employees' career progression. In 2009 the company provided a total of 12,177 hours of training time for its personnel. Last year Pınar Et provided traineeship positions for 141 lycee and university students while also taking part in university campus career days and providing students with information about itself and its sector.

Pınar Et's "People First" approach and objectives

- Pınar Et engages in competency-based selection and placement practices in line with its twin principles of "Put the right person in the right job" and "Give priority to in-house promotion".
- Pınar Et ensures that company and individual objectives coincide and are achieved with the aid of a performance evaluation system. It monitors all of its employees' personal development, career planning, compensation, and merit award processes based on the results of such evaluations.
- Through programs such as its Productivity Competition and its Operational Cost Improvement System, Pınar Et encourages employees to better themselves while also coming forth with criticisms and suggestions that are aimed at improving existing processes.
- Pınar Et solicits its employees' views and opinions through regularly conducted employee opinion polls and enhances employee satisfaction through action plans that are devised in line with the results.
- Pınar Et makes employees feel that they are the valued and important members of one big family through participatory and supportive human resources approaches.

All activities that are carried out in line with these objectives help the company first to identify both its strengths and the areas in which it needs to make improvements and second to develop and implement action plans that are aimed at achieving quality objectives.

Food & Beverage Group subsidiaries

Çamlı Yem Besicilik

Çamlı is active in the areas of feed production (fish feed, dairy and meat cattle feed, poultry feed, and pet foods), cattle and turkey ranching, fish farming, and plant fertilizers. One of the top ten producers of animal feed in Turkey, Çamlı is the pioneering author of many firsts in its sector in the country while also widely recognized for products that are synonymous with quality and confidence.

- In 2009 Çamlı booked feed sales amounting to 120,000 tons. The company markets its animal feeds under three names: "Biofeed", "Active", and "İzyem". Çamlı also has a market presence in fish feed (under the "Bioaqua" name) and in pet foods (under the "Cooldog" name).
- In 2009 Çamlı sold 124 tons of beef carcasses and 1,200 tons of milk. It booked turkey sales amounting to 6,500 tons. In the poultry meat and beef products categories, the company supplies "mini-turkey", "new year turkey", and "angus beef" products under the "Çamlı Çiftliği" name.
- In fresh fish products, Çamlı has a market presence under the "Pınar Balık" name. In 2009 the company booked sales amounting to more than 4,000 tons of fresh fish and more than 5,000,000 fry.
- In 2009 Çamlı booked sales amounting to more than 8,000 tons of organically grown produce under the "Biofarm" name.

Yaşar Birleşik Pazarlama

Yaşar Birleşik Pazarlama is a logistics and distribution company that operates as a member of the Yaşar Group Food & Beverages Division. Yaşar Birleşik Pazarlama ensures that all the Pınar-labeled goods which are produced by the group's food & beverage manufacturers and which consist of more than 650 different kinds in 16 different product categories reach consumers by being successfully sold and distributed through a national network of dealerships, regional offices, and more than 155,000 sales outlets.

With its customer-focused sales specialists and experienced dealers numbering more than a hundred, the company continues to build on its productivity-based mass distribution strategy day by day. In addition to its own (Pınar) brand products, since 2004 YBP has also been successfully selling and distributing Nutella, Kinder, and Bueno-brand goods made by Ferrero, the giant Italian manufacturer of chocolate and other confectionery products.

Yaşar Birleşik Pazarlama owns and operates the biggest and most extensive frozen and cold chain sales and distribution network in Turkey.

Pınar Foods GmbH

Based in Germany, Pınar Foods is responsible for the production and sale of Pınar-brand dairy products and water and of Şölen-brand meat products in the European market. The Yaşar Group Food & Beverage Division products marketed in Europe include Pınar Madran bottled water; Pınar-brand full-fat and semi-fat white cheeses, kashkaval cheese, goat-milk and sheep-milk cheeses, cream cheese, homogenized yoghurt, condensed yoghurt, yoghurt drink, and fruit juices; and Şölen-brand grilling soudjouks, beef salami, and beef sausages.

All of the meat and dairy products that the company sells and distributes are produced in partnership with European countries' most distinguished producers. This approach is what makes it possible for Pınar-branded products to occupy the shelves of many of Germany's leading supermarkets. Having achieved all of its 2009 targets, Pinar Foods will be seeking to increase its market shares particularly in the white cheese, kashkaval cheese, and soudjuk segments in 2010. With a 30% market share, Pınar Foods is already the leading exporter of seafood products to Germany from Turkey.

Pınar Anadolu Gıda

Pınar Anadolu Gıda has been a successful and active member of the Yaşar Group since 2000, when it acquired a disused integrated meat and dairy complex in Yozgat in central Turkey and reactivated it for the benefit both of the group and of the national economy. Pınar Anadolu Gıda has built up a portfolio of economy-priced products that are compatible with market developments while positioning itself differently from Pınar-branded goods with its "Yörük" label in meat and its "Truva" label in dairy.

Environment & Sustainability

In 2009, ÇEVKO, on behalf of Pınar Et, recovered plastic, paper, and cardboard packaging materials corresponding to 36% of the packaging of the products that it sold.

Environment & Sustainability
In the conduct of all of its production activities Pınar Et takes pains to:
- Protect the environment
- Make effective use of natural resources
- Comply with all laws and regulations.

Pınar Et's commitment to such issues and its successful practices are embodied in the company's ISO 14001 Environmental Management System certification.

New technologies are investigated and investments are undertaken which will make it possible to prevent the accumulation of packaging waste in order to conserve natural resources and to reduce the amounts of waste that need to be handled. Pınar Et makes use of packaging materials that will generate the least amounts of waste and cause the least possible environmental harm at every stage of production from initial design to manufacturing. Pınar Et engages in an ongoing effort to ensure that the packaging of its products is recoverable and recyclable. In 2009, ÇEVKO on behalf of Pınar Et, collected plastic, paper, and cardboard packaging materials corresponding to 36% of the packaging of the products that it sold.

Pınar Et employs highly productive technologies and methods in keeping with its principles of using fewer natural resources and less energy and of generating the least amount of waste for a given product output volume. During 2009 the company added advanced-technology packaging machinery to its production lines in order to increase its production efficiencies while also creating both environmental and economic benefits.

In 2009 Pınar Et successfully achieved its quality management system goals of reducing plastic-based packaging waste by 0.5% in its white meat and by 2% in its red meat production processes. The company also reduced the volume of its package manufacturing discards even though it expanded the line of the further processed products that require such packaging.

Thanks to teamwork efforts, Pınar Et managed to keep its energy use in 2009 at the same level that it was in 2008 even though there was a net rise in total output. Burner control optimization was also carried out on combustion systems in order to improve their fuel efficiency.

Quality Assurance: The Pınar Et Quality Management System
The Pınar Et Quality Management System is viewed as an asset that encompasses all aspects of quality, not just of the final product itself but at every stage of its production from the procurement of livestock inputs to final delivery.

The Pınar Et Quality Management System is rooted in the concept of effective process management.

Ongoing improvements are made in processes by taking an effectiveness-based cost approach in which every process is regarded as a link in a value chain, with steps being taken to add value during each one. Process targets and management system objectives are identified for each year and then reviewed at regularly conducted meetings. Pınar Et makes intensive use of new production and information technologies in order to achieve productivity increases and improvements in its key processes. At the same time, the compliance of Pınar Et products with the requirements of the Turkish Food Codex and associated communiques is verified by means of chemical and microbiological laboratory analyses.

Pınar Et owns and operates a fully-equipped laboratory that is capable of performing all of the microbiological laboratory analyses specified in Turkish Food Codex, Meat communiques. Pınar Et's laboratory received TS EN ISO/IEC 17025 certification in 2008, which qualifies it to act as a contractual laboratory for the Turkish Standards Institute.

Pınar Et has prepared product specifications governing all of its activities that are in compliance with the requirements of current food-related laws and regulations while also satisfying its customers' own demands. Pınar Et has created a standardized documentation system by adapting the activities that it carries out within the framework of these specifications to the TS EN ISO 9001:2008 Quality Management System as part of its ongoing efforts to constantly improve the effectiveness of its quality management system.

72 checkpoints

Live animal inspections and carcass inspections, the two most critical starting points in the food safety chain, are performed by Pınar Et's own trained veterinarians. Pınar Et has established 72 checkpoints at which food safety and quality are checked for compliance with standards at every stage of its production processes from live animal procurements to final product delivery. All of these checks are verified by means of analyses that are conducted in the company's TS EN ISO/IEC 17025 certified laboratory.

Since the day it was founded, Pınar Et has sought to contribute towards the physical, mental, and cultural development of its consumers and to ensure the wellbeing of future generations.

Social responsibility

Since the day it was founded, Pınar Et has sought to contribute towards the physical, mental, and cultural development of its consumers and to ensure the wellbeing of future generations through the products that it makes and through the services that it provides.

In line with this goal, Pınar Et contributes towards numerous projects in the areas of education, sport, culture, and art and it continued to do so in 2009 as well.

Pınar Kido Children's Theater

Since 1987, the Pınar Kido Children's Theater has been employing a professional team of performers, directors, designers, and backstage crews that visits schools in İstanbul, İzmir, Bursa, and Eskişehir throughout each year's theater season and mounts dozens of programs that are specially designed to appeal to children.

During the summer months, the Pınar Kido Children's Theater goes on tour and captures the hearts of thousands of children in other parts of the country. The theater has also been instrumental in launching the careers of many of today's well-known performers such as Bülent İnal, Vahide Gördüm, and Özgür Ozan.

Pınar Kido Art Competition

The Pınar Kido Art Competition has been held for 28 years with the aims of increasing primary school children's interest in art and of contributing towards the development of the artists of the future.

Children from all over Turkey take part in the Pınar Kido Art Competition, which has been focusing on a different theme each year since it was inaugurated in 1981. A record-breaking number of youngsters took part in the competition held in 2009.

From among 799,182 entries submitted from every part of Turkey, the works of twenty-two children were selected by a jury of educators and professional artists and the winners were rewarded with a chance to take part in a one-week art camp in İstanbul under the direction of the well-known artist Hüsamettin Koçan. The talented young artists taking part in the 29th Pınar Kido Art Competition held last year received netbooks and certificates at an award ceremony that was held at the conclusion of the camp.

In 2009 Pınar Et also organized an in-house art competition for the children of its own employees. The young artists whose works placed in the top three positions received netbook computers as prizes.

Pınar KSK

Pınar has been an advertising sponsor of Pınar Karşıyaka, a basketball team that has been contending in the Turkish Premier Basketball League since 1998. Pınar also finances the Çiğli Selçuk Yaşar sports facilities, which are used by close to a thousand children every year.

Professional Training Unit

The Pınar Et Professional Training Unit was launched in 1998 to provide professional education in meat and meat product operations and management in order to provide trained people for a business line that lacks any other source of professional training in our country.

The first such undertaking of its kind in Turkey, the unit's objectives are to provide young people in the 15-18 age group who have completed primary school education and who must go to work with theoretical and practical training to make them qualified to pursue a profession for which there is considerable unsatisfied demand in the country.

Since opening its doors, the Pınar Et Apprentices School has turned out 242 graduates.

"Listen to Me" project

Pınar is the prime sponsor for the "Listen to Me" project conducted by the İzmir branch of the State Theatre, Opera and Ballet Employees Foundation (TOBAV) in which training is to be provided to seventy musically talented children and youths.

Under this project, seventy students will be given musical training in line with their individual abilities and skills while also preparing them for the admission examinations in order to attend fine arts lycees, state conservatories, university music departments, and other music schools and to take the first steps towards a career in music.

Publications

Yaşam Pınarım

First appearing in 2004, Yaşam Pınarım is a magazine published by Pınar that seeks to establish and maintain bonds between the company and its consumers and business partners and with academic and governmental circles. Employing an engaging style and delivering unique content, Yaşam Pınarım is published every month in 10,000 copies that are distributed free of charge.

Pınar

Pınar is a quarterly newsletter published in 20,000 copies. Intended mainly for the company's producers, Pınar is an important source of information for meat and dairy farmers.

Fairs, congresses, and sponsorships

- Pınar Et exhibited its goods at the Yaşar Group Food & Beverages Division's stand at the 78th İzmir International Fair in 2009. Pınar also acted as a sponsor for the "In Search Of Perfection" symposium conducted by the İzmir Quality Association.
- Pınar was a prime sponsor of the Forum İstanbul 2009 conference when it was held in İstanbul in May. The theme of this year's conference was Turkey's emergence from the current global financial and economic crisis and where Turkey was likely to be going between now and 2023.
- Pınar provides sponsorship support for the congresses, seminars, and exploratory conferences organized by the Federation of Food and Drink Industry Associations of Turkey.
- Pınar was on hand as a prime sponsor for the 2nd International Golden Cap Chefs Competition organized by the Turkish Federation of Cooks and by the Antalya Chefs Association when it took place at the Antalya Expo Fair and Congress Center.
- Pınar was a prime sponsor of the United Nations World Food Day Congress organized in İstanbul by the Turkish Food Industry Employers' Association (TÜGİS).

Awards and recognitions

The leading name in Turkey's meat and meat products industry since the day it was founded, Pınar Et was again the recipient of numerous awards from respected organizations in recognition both of the company's high production standards and advanced technology and of its innovative and principled business approaches.

- According to the "Brands" survey conducted every year by the independent research firm of Nielsen, Pınar ranked fifth among all the brands (both national and international) in all sectors in Turkey that consumers felt the closest to in 2009.
- Pınar Et was awarded a gold medal by the İzmir Chamber of Commerce in recognition of its successful performance as a responsible taxpayer. The chamber also cited the company for its superior exports efforts and performance.
- In a survey conducted by the Aegean Chamber of Industry, Pınar Et ranked third in the "Most Investment" and "Most Employment" categories. The company was also cited for its success in the "Highest and Most Consistent Export Performance In The Last Ten Years" and the "Most Tax Paid" categories.

Corporate Governance Practices and Financial Information

Pınar Entegre Et ve Un Sanayii A.Ş.

Agenda of the Annual Assembly General Meeting on 12 May 2010

1. Electing the Presiding Committee.
2. Authorizing the Presiding Committee to sign the minutes of the meeting.
3. Reading and deliberating the Board of Directors' annual report, the statutory auditors' report, and the independent auditor's report.
4. Approving the balance sheet and profit & loss statement for 2009 that was sent to the Capital Markets Board and to the İstanbul Stock Exchange; acquitting the company's directors and statutory auditors of their fiduciary responsibilities.
5. Approving the independent auditors chosen by the Board of Directors and their term of duty.
6. Approving the directors chosen to fill vacancies on the Board of Directors and determining their terms of office.
7. Deliberating and voting on the salaries to be paid to members of the Board of Directors.
8. Determining the number of statutory auditors pursuant to article 13 of the company's articles of incorporation; electing statutory auditors to replace those whose terms of office have expired and determining their terms of office.
9. Deliberating and voting on the salaries to be paid to the statutory auditors.
10. Deliberating and voting on amending article 3 ("Object and scope"), article 6 ("Registered capital"), article 21 ("Announcements"), article 26 ("Apportioning profits"), and "Provisional article 2" of the company's articles of incorporation.
11. Informing shareholders about charitable donations made during the year.
12. Deliberating and voting on matters pertaining to the year's profits.
13. Informing shareholders, pursuant to Capital Markets Board ruling 28/780 dated 9 September 2009, about guarantees, pledges, or mortgages that have been granted by the company in favor of outside parties as well as about any income and benefits that may have been acquired on account of such guarantees, pledges, or mortgages.
14. Deliberating and voting on authorizing the Board of Directors, within the framework of Capital Markets Law article 15 and CMB Communique IV:27 article 9, on the matter of paying shareholders advances on dividends which are to be set off against their 2010 dividends with the proviso that, pursuant to the same article of law, should there not be sufficient profit or should there be a loss during the fiscal year concerned, the advances so paid shall be set off against any extraordinary reserves shown in the previous year's balance sheet and, if the amounts of such extraordinary reserves are insufficient to cover losses, bonds received as cover for dividend advances shall, pursuant to article 10 of the same communique, shall be encashed and booked as income from which offsets will be made.
15. Authorizing the Board of Directors pursuant to articles 334 and 335 of the Turkish Commercial Code.
16. Wishes.

Pınar Entegre Et ve Un Sanayii A.Ş.

Corporate Governance Principles Compliance Report

1. Statement of compliance with corporate governance principles
During the reporting period ending 31 December 2009, Pınar Entegre Et ve Un Sanayii A.Ş. ("the company") complied with and implemented the corporate governance principles published by the by Capital Markets Board ("CMB") except for the matters indicated immediately below:

a) Cumulative voting method
b) Independent directors
c) Representation of minority shareholding interests on the Board of Directors
d) Transfers of registered shares

The details of and justifications for such partial or total non-compliance are indicated in the appropriate sections of this report.

Assessments and studies are being conducted as necessary in areas in which the company is not in full compliance with CMB corporate governance principles. As matters currently stand, the company is of the opinion that such non-compliance does not lead to any material conflicts of interest.

Part I: Shareholders

2. Investor Relations Department
An Investor Relations Department has been set up. Senem Demirkan has been appointed as the head of this unit.

Contact information

Telephone:	(232) 482 22 00
Fax:	(232) 489 15 62
Email:	yatirimci@pinaret.com.tr

The duties of the Investor Relations Department are listed below.

a) Ensure that records pertaining to shareholders are maintained in a reliable, secure, and up-to-date manner.
b) Respond to shareholders' written requests for all information about the company except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret.
c) Ensure that General Assembly meetings are conducted in accordance with the requirements of current laws and regulations and of the company's articles of incorporation and other bylaws.
d) Ensure that documents which shareholders may find useful at General Assembly meetings are prepared.
e) Ensure that records are kept of the results of voting at General Assembly meetings.
f) Supervise all issues related to public disclosures as required by law and the company's public disclosure policy.
g) Ensure that investor relations activities are properly conducted.

Having obtained the views of other units when necessary and in coordination with such units, the Investor Relations Department is responsible for providing shareholders and potential investors with information about the company's activities, financial standing, and strategies, with the stipulations that it may not divulge any information which is confidential and/or in the nature of a trade secret and that it must not do so in any way that might lead to information asymmetry and for managing communication moving on both directions between shareholders and company managers.

During 2009 and the first quarter of 2010 the unit took part in one conference abroad, engaged in one-on-one meetings with fourteen investors, and responded to more than 400 questions by telephone or email. The company's website and investor presentations were regularly updated to keep investors informed about current developments. Maximum attention was given to complying with the requirements of laws and regulations in the fulfillment of investors' requests.

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Corporate Governance Principles Compliance Report

3. Shareholders' exercise of their right to obtain information

The fundamental principle in shareholders exercising their right to obtain information is that there should be no discrimination among shareholders. All information and documents that shareholders may need to exercise their shareholders' rights in a sound manner are made equally available to all shareholders on the company's corporate website. During 2009 every possible effort was made, under the supervision of the Investor Relations Department, to respond to requests for information received from shareholders within the framework of the requirements of capital market laws and regulations and without delay.

Such requests for information are generally about such issues as General Assembly meeting dates, publicly disclosed financial statements, and dividend payments. All requests for information, except in the case of information that was in the nature of a trade secret and information that it was deemed to be in the company's interest to keep confidential, were responded to without making any distinctions among shareholders and in line with any statements that may previously have been made within the framework of capital market laws and regulations. Developments that might affect the exercise of shareholder rights dictated by the Turkish Commercial Code and by CMB regulations were publicly disclosed through material disclosures, newspaper advertisements, and mailings. A request to have a special auditor appointed is not an individual right provided for under the company's articles of incorporation. No request for the appointment of a special auditor was received during 2009.

4. Information about General Assembly meetings

The 2008 annual General Assembly meeting took place during 2009 on 12 May 2009. Pursuant to article 19 ("Meeting quora") of the company's articles of incorporation, the quorum requirements at ordinary and extraordinary General Assembly meetings are subject to the provisions of the Turkish Commercial Code. At the 2008 annual General Assembly meeting, 66.77% of the company's capital was represented and voted. During these meetings, no attending shareholders or their proxies advanced any motions and all questions that were raised were responded to by the Presiding Committee during the meeting.

No other stakeholders or media representatives attended these meetings. Invitations to the meetings were made by the Board of Directors. In addition to shareholders, representatives of the independent auditors were also sent written invitations to attend the meetings.

Announcements pertaining to company General Assembly meeting invitations were published at least fifteen days (not including the announcement and meeting dates) in advance in Türkiye Ticaret Sicili Gazetesi in accordance with article 21 ("Announcements") of the articles of incorporation and within the framework of the provisions of article 368 of the Turkish Commercial Code. The announcements were also published on the corporate website and in local newspapers. Shareholders whose addresses were on record with the company were sent letters in which they were informed about the meeting date, location, and agenda. No specific period of time is required during which the holders of registered shares must have their shares duly registered in order to take part in a General Assembly meeting. Profit distribution proposals that the Board of Directors intends to submit to General Assembly meetings as well as the identity of independent auditors selected by the Board of Directors are publicly disclosed in material disclosures.

The company's annual report is made available to shareholders at the company's headquarters and on its corporate website as of fifteen days before a meeting date. During General Assembly meetings, issues on the agenda are explained impartially and in detail so as to be clear and intelligible. Shareholders are given equal opportunities to express their thoughts and to ask questions and a healthy climate of debate is created.

The company's articles of incorporation contain no provisions requiring that decisions concerning such matters as demergers or acquiring, selling, or leasing significant assets be taken at a General Assembly meeting. Such decisions are made by the Board of Directors in the board's ordinary conduct of the company's business and taking into account CMB regulations and the requirements of commercial and tax law. Such decisions are publicly disclosed as material disclosures.

General Assembly meeting minutes are always kept available for shareholders' inspection at the company's headquarters. In addition, the minutes of General Assembly meetings held during the most recent four years are accessible from the "Investor Relations" section of the company's corporate website located at www.pinar.com.tr.

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5. Voting rights and minority rights

Article 7 of the company's articles of incorporation provides for special rights with respect to designating candidates for seats on the Board of Directors as follows:

"The business and management of the company are carried out by the board of directors, which is constituted of 5-9 members being elected by the general assembly under the provisions of Turkish Commercial Code. If the board of directors be constituted of five members, then three, or if of seven members then four, or if of nine members, then five of them shall be elected from among the nominees indicated by the Group A shareholders while the remaining members shall be elected from among the nominees indicated by Group B shareholders. The board of directors upon its sole discretion may assign managing director. However, the chairperson of the board and the managing director shall be elected from among the members representing Group A."

Article 19 of the company's articles of incorporation provides for special rights with respect to the exercise of voting rights as follows:

"At ordinary and extraordinary General Assembly meetings, each Group A share shall entitle its owner to cast three votes. The mandatory provisions of the Turkish Commercial Code are reserved. Each Group B share shall entitle its owner to cast one vote."

There are no other special voting rights.

The company's articles of incorporation contain no provisions pertaining to the exercise of voting rights that would prevent an individual who is not a shareholder from voting as the representative of one who is. Article 22 of the company's articles of incorporation, which governs the exercise of voting rights, reads as follows:

"Voting is conducted through open ballot and by raising hands during the General Assembly meeting. However upon the demand of those possessing at least one-tenth of the capital which shareholders present at a meeting represent, recourse must be had to secret ballot. Capital Markets Board regulations shall be complied with on the matter of proxy voting."

There are no other companies in which the company has a cross ownership. There are no independent directors. (Refer to article 18 concerning board of directors membership.)

Minority rights are not represented on the Board of Directors. Minority rights and their exercise within the company are subject to the governance of article 11 of the Capital Markets Law, as is the case with all publicly-held companies.

The company's articles of incorporation currently contain no provisions allowing the use of the cumulative voting method.

6. Dividend payment policy and timing

Shareholders of preferred stock do not have any privileges applicable to dividends. The company's general policy with respect to dividends is to distribute its net profit having taken into account the company's financial position, investments that are to be made and other funding requirements, the sector's current circumstances, the economic environment, and the requirements of capital market and tax laws and regulations. However the actual amounts of profit to be distributed are determined every year taking all of the issues cited above into consideration. The company has formulated a Dividend Policy in line with the CMB's resolution of 27 January 2006 and it has publicly disclosed this policy by announcing it at a General Assembly meeting. Our dividend payment policy is also publicly disclosed via our corporate website.

According to the company's articles of incorporation, advances on dividends may be paid provided that they are authorized by the Board of Directors and a general assembly of shareholders and on condition that they comply with article 15 of the Capital Markets Law and pertinent CMB regulations.

The authority to pay advances on dividends is exercised by the Board of Directors in light of current laws and regulations and of economic circumstances. The methods and processes whereby profits are distributed are governed by Capital Markets Board regulations and by the

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relevant provisions of the company's articles of incorporation. In line with the dividend policy determined for each business year, a Board of Directors resolution is passed and then publicly disclosed by means of a material disclosure.

Decisions that the Board of Directors makes concerning profit distributions are presented to the general assembly of shareholders for approval. The amounts of dividends so approved are paid out to shareholders within the period of time determined at the General Assembly meeting subject to the provisions of CMB communique IV:27. Distribution of the company's 2008 profits began on 25 May 2009 and was completed within the legally prescribed period of time.

7. Transfer of shares

Transfers of bearer shares are subject to the provisions of article 415 of the Turkish Commercial Code. Article 6 of the company's articles of incorporation contains the following provision pertaining to the transfer of registered shares:

"Registered Group A shares may not be sold or transferred without the consent of the Board of Directors. In the event that some or all of any registered shares are assigned or sold to a third party, the Board of Directors may refrain from registering the transfer without showing cause.

Section II: Public disclosures and transparency

8. Company disclosure policy

In all matters pertaining to its public disclosures the company complies with the requirements of the Capital Markets Law and of İstanbul Stock Exchange regulations.

The "Disclosure Policy" prepared for the purpose of keeping the public informed and approved by the Board of Directors is publicly disclosed on the company's corporate website located at www.pinar.com.tr. The Board of Directors has both the authority and the responsibility for formulating, supervising, reviewing, and developing the company's disclosure policy. The Corporate Governance Committee and the Investor Relations Department provide information and make recommendations to the Board of Directors concerning the company's disclosure policy.

The chairperson of the Board of Directors and the general manager as well as other officers whom the board or the general manager deem to be appropriate may make public statements to the written and visual media and to data distributors. Questions which those involved in capital markets ask the company are responded to in writing or verbally by the Investor Relations Department.

Principles governing the disclosure of forward looking information are defined in the company's disclosure policy.

9. Material disclosures

Sixteen material disclosures were made during 2009. No requests for additional material disclosures were received either from CMB or from ISE concerning these material disclosures. The company's material disclosures are prepared by the Investor Relations Department and are publicly disclosed after having been signed by those who are authorized to do so in the company's disclosure policy. The company was not involved in any violations of public disclosure requirements. The company's shares are not listed on any foreign exchange and for that reason the company is not encumbered by any other additional public disclosure obligations.

10. The company's corporate website and its content

The company's corporate website is located at the address of www.pinar.com.tr. It is structured in the format and content as required in the section titled "Principles and Means of Public Disclosure" article 1.11.5 of the Corporate Governance Principles. The company's website is available in both Turkish and English and it is actively used. The company continuously improves and upgrades the services provided by its website. .

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11. Disclosure of ultimate controlling shareholder(s)

The company's shareholder structure as of 31 December 2009 is shown below.

Shareholder	Share (%)	Amount (TL)
Yaşar Holding A.Ş.	54.18	23,476,893.16
Pınar Süt Mamülleri San. A.Ş.	12.58	5,451,752.25
Others	33.24	14,406,354.59
Total	**100.00**	**43,335,000.00**

Shares corresponding to 54.18% of the capital in Yaşar Holding A.Ş. and to 12.58% of the capital in Pınar Süt Mamülleri San. A.Ş. are controlled directly or indirectly by members of the Yaşar family.

12. People in Access to Insider Information

The individuals who were in a position to have access to insider information as of the date of this report are indicated below. Such individuals are publicly disclosed in every annual report and on the company's corporate website.

- All company board members and statutory auditors
- Zeki Ilgaz (General Manager)
- Mustafa Şahin Dal (Director of Financial Affairs and Budget Control)
- Muzaffer Bekar (Finance Director)
- Adnan Akan (Chief Independent Auditor (Responsible Partner))
- Independent auditing firm personnel

* On 5 January 2010, Kazım Coşkun Keskiner resigned his position as Director of Financial Affairs he and was replaced by Mustafa Şahin Dal as Director of Financial Affairs and Budget Control.

Section III: Stakeholders

13. Disclosure to Stakeholders

Stakeholders are kept informed about all matters concerning the company other than those which are in the nature of a trade secret through CMB material disclosures within the framework of CMB regulations, commercial law, competition law, tax law, and contract law.

14. Stakeholder participation in management

Employees' participation in management is achieved by means of regular meetings and idea systems which are based on the company's process-focused management System and total quality philosophy, which seek to make improvements and to enhance productivity, and through which employees' wishes and opinions are solicited. Customers' participation in management is achieved through dealer meetings and by means of the company's customer satisfaction system and suggestion system.

Within the framework of our collaboration with our suppliers and in line with our growing business volumes, suppliers' own business volumes are also growing and their involvement in the quality management that the food industry needs and in the joint development of new inputs compatible with food safety is secured through regularly conducted inspections, which also gives birth to opportunities for suppliers to enter new lines of business.

15. Human resources policy

The fundamental mission of the company's human resources policy is to ensure the management of human resources who are innovative, who are committed to the principle of total quality, and who contribute towards the company's competitive advantage by easily adapting to change and development.

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The company's basic human resources policies are set forth clearly in the company's Personnel Regulations, which are issued to all non-contract employees against their individual signature. In addition to basic policies, these regulations also contain information about working hours, hiring principles and processes, termination, and discipline. Human resources policies and practices pertaining to employees who are covered by collective bargaining agreements are spelled out in such agreements.

Basic human resources policies

a) Staffing at the company is determined according to the criteria of business economics. All employees agree that honorable employment is only possible through productive work.
b) The company conducts intramural and extramural training programs within the framework of plans that are devised for each level in order to ensure the progression of its employees.
c) The company is mindful of equality of opportunity in all promotions and appointments throughout its organization. As a matter of principle, appointments are made from among the company's own personnel.
d) By means of a career planning system in which progression plans are implemented, employees who have potential are provided with the broadest possible opportunities for advancement.
e) Employees' performance is evaluated on the basis of their fulfillment of targets and their competencies.
f) Job descriptions and performance standards are documented for positions at every level from the highest to the lowest and these serve as the basis for employee evaluations.
g) Employee opinion surveys are conducted regularly every year, at which time employees are asked for their views about such issues as working conditions, management, social activities, compensation, training, performance evaluation, career planning, participatory management, and company satisfaction. Improvements are made in line with the feedback that is received in this way.
h) A safe workplace and safe working conditions are a matter to which the company gives great importance. Under the company's occupational health and safety regulations, all legally mandated measures are taken to prevent occupational risks, ensure health and safety, and eliminate risk and accident factors. An ongoing effort to make improvements is carried out through regularly conducted safety meetings.
i) Our style of management is "to maintain our existence as a company which behaves in compliance with laws and with the rules of ethics and which adheres to a total quality philosophy and to a participatory form of management."
j) An essential principle at the company is that all employees will be treated equally and without making any distinctions among them with respect to language, race, color, sex, political beliefs, philosophy, religion, sect, or similar reasons. Due measures have been taken to protect these basic employee rights.

There are two workplace representatives at Pınar Et. The duties of these representatives are to:

a) Hear workers' wishes and resolve their complaints exclusively with respect to matters at the workplace;
b) Ensure continued labor peace through worker-employer cooperation and labor fairness;
c) Be mindful of workers' rights and interests; assist in the implementation of the working conditions which are provided for in labor laws and in collective bargaining agreements.

All employees are kept informed about company procedures, organizational changes, changes in rights and benefits, and other practices and decisions that may affect them means of regulations and announcements prepared within the framework of the company's prescribed announcement regulations as well as via the company intranet and bulletin boards.

Neither the company's management nor its human resources department has ever received any complaint from employees about discrimination.

16. Information about relations with customers and suppliers

In keeping with its mission of supplying consumers with products that are sources of health, pleasure, and dynamism, Pınar provides its customers with complete information about all its production processes and its products through its www.pinarmutfagi.com website.

Customers may submit requests and complaints via our free information hotline on 0800 415 5117 from anywhere in Turkey. All incoming requests are responded to and complaints are dealt with.

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A variety of surveys and polls aimed at achieving customer satisfaction are regularly conducted by our own company and by independent concerns. On ongoing effort is made to improve product and service quality based on research findings and customer wishes.

Having been in business for 28 years makes it possible for our company to establish good relations with suppliers and thus to ensure that the materials that we need reach us with the quality they should have, on time, in the right quantities, and under option business conditions. The degree to which these objectives are achieved is measured by means of supplier evaluation methods. The results of such evaluations are shared with suppliers in order to contribute towards their edification and development. A continuous flow of information is maintained with suppliers whereby they are kept informed about news and possible developments in the sector. Cooperation is achieved by organizing quality and innovation circles. Priority is given to making use of new ideas that are advanced.

17. Social responsibility

Pınar Et seeks to comply with current environmental laws applicable to its business activities and with local regulations concerning environmental matters to which it is subject, to make productive use of natural resources, to control and reduce waste that causes environmental harm or else render it harmless, and to take other measures necessary to prevent pollution.

Our company has issued an Environmental Impact Assessment Report and it holds ISO 14001 Environmental Management System certification.

Our company has set up its own in-house apprentice training center whose objectives are firstly to provide a systematic program of theoretical and practical professional training for young people in the 15-18 age group who have completed their basic education, who must go to work, and who are interested in learning a profession and secondly to transform them into the skilled workers that our country is in need of. Such training has the additional objectives of teaching work discipline, establishing national-level professional standards, improving production quality standards, and increasing productivity.

Two in-house publications–Pınar Gazetesi (a newspaper) and Yaşam Pınarım (a magazine)–seek to encourage company employees to engage in social activities in the areas of culture, art, sport, and education.

The company supports education by collaborating with organizations such as Yaşar University and Yaşar Education Foundation.

The company was not the respondent to any suits on account of any harm caused to the environment during the reporting period.

Part IV: Board of Directors

18. Structure and formation of the Board of Directors; independent directors

Within the framework of the requirements of laws and regulations and of the company's own articles of incorporation, internal regulations, and policies, the Board of Directors represents the company and exercises such authorities and fulfills such responsibilities as have been given to it by shareholders assembled in a General Assembly meeting.

The members of the company's board of directors are identified below:

The Board of Directors:

İdil Yiğitbaşı	Chairperson
Yılmaz Gökoğlu	Deputy Chairperson
Mehmet Aktaş	Director
Hakkı Hikmet Altan	Director
Suat Özyiğit	Director
Ali Sözen	Director
Ergun Akyol	Director

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• The company's general manager is Zeki Ilgaz.
• There are no independent members of the Board of Directors.
• The ability of company directors to engage in the activities set forth in articles 334 and 335 of the Turkish Commercial Code are subject to the approval of the general assembly of shareholders. With the exception of those activities, there are no other limitations imposed on what board members may do.

19. Qualifications of company directors

In the selection of company directors, attention is given to structuring the board in such a way as to maximize its influence and effectiveness. In principle attention is given to electing directors who satisfy the criteria spelled out in articles 3.1.1, 3.1.2, and 3.1.3 in section IV of Corporate Governance Principles published by the Capital Markets Board. A Corporate Governance Committee that was formed at a meeting of the company's board held on 13 March 2006 is responsible for providing board members with guidance and compliance review in line with changes and developments that take place.

20. Mission, vision, and strategic goals of the company

The company's mission is "to provide its consumers with products that are the source of health, pleasure, and dynamism." The company has defined its primary goals as "growing along with its producers and suppliers, being a global brand with which its customers identify, and increasing profitability and productivity in collaboration with its employees." The strategic objectives necessary to achieve this are regularly monitored and reviewed by the Board of Directors.

21. Risk management and internal control mechanisms

The Board of Directors essentially supervises activities related to risk management through the committee that is responsible for audit. In its fulfillment of these functions, this committee makes use of the findings of the audit unit under the department of financial affairs and of the organizations that are responsible for independent auditing and for certified accountancy.

22. Authorities and responsibilities of company directors and executives

The company's directors and executives perform their duties in a manner that is equitable, transparent, accountable, and responsible. The principles governing the authorities and responsibilities of the Board of Directors that are adhered to in order to achieve this are spelled out as follows in article 11 of the company's articles of incorporation, subject always to the imperatives of the Turkish Commercial Code:

"Article 11: The Board of Directors is responsible to represent the company before all official agencies, courts, and third parties; to perform, on the company's behalf, any and all manner of business and legal transactions falling within the company's object and scope; to buy and to sell real estate properties consistent with the company's object and to establish and relinquish mortgages and other real rights pertinent thereto; to conciliate and appoint arbitrators; to prepare annual reports and annual accounts to be presented to the general assembly of shareholders and to propose to the general assembly the amounts of dividends to be distributed; and to execute any duty specified in law and these articles of incorporation."

23. Operating principles of the Board of Directors

The operating principles of the Board of Directors are spelled out as follows in article 9 of the company's articles of incorporation:

"The Board of Directors shall convene as the company's business and transactions may necessitate. However it must meet at least once a month."

Details about the Board of Directors' operating principles and its activities during the 2009 reporting period are given below.

Board of Directors meeting agendas are determined by the chairperson after having discussed the matter with other board members and with the general manager.

During the reporting period, the Board of Directors convened thirty-five times. The board may be called to meeting by its chairperson or by any of its members in writing. Meeting agendas must be sent out to members by registered mail at least two weeks before the meeting

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date. All members are usually present at meetings. There were no unresolved disputes over issues during the 2009 reporting period. Board members were actually present at board meetings during which matters governed by the rules of Corporate Governance Principles section IV.2.17.4 were discussed. Questions raised during meetings are not entered into the record. No board members have preferential voting or veto rights.

24. Prohibition on doing business or competing with the company

At the company's annual General Assembly meeting for 2008 held during 2009, members of the Board of Directors were granted authority with respect to the issues governed by articles 334 and 335 of the Turkish Commercial Code; however during the reporting period, none of the executive board members were involved in any business transaction falling within the company's object and scope either directly or indirectly on his own behalf or on behalf of someone else.

25. Rules of ethics

The company conducts its activities within the framework of values which are adhered to by Yaşar Group companies and whose approach to the production of goods and services involves compliance with laws and the rules of ethics, concerns itself with national problems without becoming involved in politics, and values the environment and nature. These values are known to all company employees. In addition, work is also being carried out to formulate the company's own rules of ethics within the framework of its corporate governance approach.

26. Number, structure, and independence of committees established by the Board of Directors

Two committees, consisting of a committee responsible for audit and a committee responsible for corporate governance, have been formed within the company. The Audit Committee convened four times during 2009 in meetings at which it was informed by company managers about the company's activities and internal control systems and also about the findings of the independent auditors during the most recent quarter. The Audit Committee is responsible for the company's bookkeeping system, for the public disclosure of financial information, and for supervising the operation and effectiveness of independent auditing and of the internal control system; for selecting the independent auditors, initiating the independent auditing process, and supervising the independent auditors' activities; for reporting to the Board of Directors about the authenticity and veracity of publicly disclosed yearly and intermediary financial statements. The members of the Audit Committee are Yılmaz Gökoğlu and Hakkı Hikmet Altan. As there are no independent directors on the company's board, the Audit Committee comprises of non-executive directors. No company director is a member of more than one committee.

The company's Corporate Governance Committee was created under a Board of Directors resolution dated 13 March 2006. The Corporate Governance Committee is headed by Mehmet Aktaş and its other member is Suat Özyiğit.

The Corporate Governance Committee is responsible for identifying whether or not corporate governance principles are being complied with at the company as well as for identifying any problems arising from less than full compliance with those principles; for making recommendations to the Board of Directors on taking measures to achieve improvements; for coordinating activities pertaining to relations with shareholders; for undertaking activities related to creating a transparent system to deal with the matters of identifying, evaluating, training, and rewarding candidates suitable for board membership and to identifying policies and strategies applicable to that system; for developing recommendations concerning the number of company directors and executives.

27. Financial benefits provided to the Board of Directors

As is stipulated in article 12 of the company's articles of incorporation, members of the company's board receive remuneration whose amount is determined by a general assembly of shareholders. The remuneration so determined for 2009 was TL 1,000 a month. The rights that are provided to members of the Board of Directors are determined at General Assembly meetings of the company and they are publicly disclosed through the minutes of such meetings. The company has no separate performance-based remuneration policy for its directors. The company does not make lendings or extend credit to any of its directors or executives.

Pınar Entegre Et ve Un Sanayii A.Ş.

Statutory Auditors' Report

TO THE GENERAL ASSEMBLY OF PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

Company name	: Pınar Entegre Et ve Un Sanayii A.Ş.
Head office	: Şehit Fethi Bey Caddesi No: 120 İZMİR
Capital	: TL 43,335,000.00
Field of activity	: Production of meat and meat products and ready-cooked foods
Statutory auditors' names, surnames, terms of office and whether they have a shareholding interest in the company	: Kamil Deveci (12.05.2009 - one year) not a shareholder Erdem Çakırokkalı (12.05.2009 - one year) not a shareholder
Number of Board of Directors meetings participated in and of Board of Auditors meetings held	: Board of Directors meetings 35 Board of Auditors meetings 12
Scope, dates and conclusions of the examination made on the accounts, books and documents of the company	: At the end of each month, cash, cheques, bonds and receipts were counted, and the records and documents were screened on the basis of sampling method and no irregularities were found.
Number and results of the cash counts performed in the company's cashier's office pursuant to Article 353, paragraph 1, subparagraph 3 of the Turkish Commercial Code	: The cashier's office of the company was checked and counted 12 times and no irregularities were found.
Dates and results of the examinations made pursuant to Article 353 paragraph 1, subparagraph 4 of the Turkish Commercial Code	Examination was performed at the end of each month, comments were provided for matters of uncertainty, and no irregularities were established.
Complaints and charges of fraud of which the company was advised and actions taken against them	None

We have examined the accounts and transactions of Pınar Entegre Et ve Un Sanayii Anonim Şirketi for the period 01 January 2009 - 31 December 2009 with respect to their compliance with the Turkish Commercial Code, the company's articles of incorporation, and other applicable legislation, as well as generally accepted accounting principles and standards.

In our opinion, the attached balance sheet prepared on 31 December 2009, the contents of which we acknowledge, fairly and accurately presents the company's financial status on the date, and the income statement for the period 01 January 2009 - 31 December 2009 fairly and accurately presents the operating results for the period.

We hereby submit the balance sheet and income statement for your approval and the acquittal of the Board of Directors for your voting.

Statutory Auditor
Kamil Deveci

Statutory Auditor
Erdem Çakırokkalı

Pınar Entegre Et ve Un Sanayii A.Ş.

Independent Auditor's Report

To the Board of Directors of Pınar Entegre Et ve Un Sanayi A.Ş.

1. We have audited the accompanying financial statements of Pınar Entegre Et ve Un Sanayi A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2009 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Turkish Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards issued by the Turkish Capital Market Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pınar Entegre Et ve Un Sanayi A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Turkish Capital Market Board (Note 2).

Emphasis of Matters

5. As explained in Notes 1 and 37 to the financial statements, the Company sells a substantial portion of its products to its related party and associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., which performs sales and distribution of the Company's products in the domestic market.

6. As explained in Note 42 to the financial statements, the accounting principles described in Note 2 to the financial statements differ from International Financial Reporting Standards ("IFRS") with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

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Adnan Akan, SMMM
Partner
Istanbul, 8 April 2010

Pınar Entegre Et ve Un Sanayii A.Ş.

Financial Statements at 31 December 2009 and 2008

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Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2009	31 December 2008
ASSETS			
Current assets		**92,905,792**	**64,045,381**
Cash and cash equivalents	6	2,266,855	5,452,707
Trade receivables		39,042,003	38,556,437
- Due from related parties	37	26,184,574	23,061,831
- Other trade receivables	10	12,857,429	15,494,606
Other receivables		30,757,240	966,701
- Due from related parties	37	30,753,746	552,889
- Other receivables	11	3,494	413,812
Inventories	13	18,934,614	18,018,438
Other current assets	26	1,905,080	1,051,098
Non-current assets		**249,766,549**	**246,110,038**
Other receivables		9,745,131	5,830,702
- Due from related parties	37	9,745,000	5,830,571
- Other receivables	11	131	131
Financial assets	7	1,488,583	1,810,078
Investment in associates accounted for using equity method	16	100,088,827	93,995,750
Property, plant and equipment	18	138,436,308	144,440,592
Intangible assets	19	7,700	32,916
TOTAL ASSETS		**342,672,341**	**310,155,419**

The financial statements at 31 December 2009 and for the year then ended have been approved for issue by the Board of Directors of Pınar Entegre Et ve Un Sanayi A.Ş. on 8 April 2010.

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2009	31 December 2008
LIABILITIES			
Current liabilities		**46,154,619**	**45,006,777**
Financial liabilities		568,996	9,947,609
- Current leasing obligations	8	390	981,419
- Financial liabilities	8	568,606	8,966,190
Other financial liabilities	9	215,636	387,170
Trade payables		40,725,500	25,381,536
- Due to related parties	37	6,776,555	5,132,324
- Other trade payables	10	33,948,945	20,249,212
Other payables		86,261	1,238,811
- Due to related parties	37	73,215	1,024,275
- Other payables	11	13,046	214,536
Current income tax liabilities	35	1,743,130	1,287,674
Provisions	22	1,108,977	640,150
Other current liabilities	26	1,706,119	6,123,827
Non-current liabilities		**26,131,756**	**29,050,783**
Financial liabilities	8	10,801,500	10,704,404
Other payables		-	3,014,194
- Due to related parties	37	-	3,014,194
Provisions	22	137,514	103,690
Provision for employment termination benefits	24	4,956,437	4,165,520
Deferred income tax liabilities	35	10,236,305	11,062,975
TOTAL LIABILITIES		**72,286,375**	**74,057,560**
EQUITY		**270,385,966**	**236,097,859**
Share capital	27	43,335,000	43,335,000
Adjustment to share capital	27	37,059,553	37,059,553
Reserves		79,864,389	81,838,251
- Revaluation reserves	18	77,326,510	79,825,250
- Fair value reserves of available-for-sale investments	7	53,356	388,552
- Fair value reserves of investments-in-associates	2.3	2,484,523	1,624,449
Currency translation reserve	2.3	(67,255)	40,783
Restricted reserves	27	10,135,698	7,975,335
Retained earnings	27	60,000,114	34,118,997
Profit for the year		40,058,467	31,729,940
TOTAL LIABILITIES AND EQUITY		**342,672,341**	**310,155,419**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Comprehensive Income
for the Years Ended at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Revenue	28	307,871,231	306,122,267
Cost of sales	28	(243,053,426)	(240,979,184)
GROSS PROFIT	**28**	**64,817,805**	**65,143,083**
Research and development expenses	29	(768,862)	(780,771)
Marketing, selling and distribution expenses	29	(17,662,221)	(18,239,261)
General administrative expenses	29	(13,231,958)	(13,299,975)
Other operating income	31	946,319	1,698,706
Other operating expenses	31	(1,712,658)	(812,479)
OPERATING PROFIT		**32,388,425**	**33,709,303**
Share of results of investment-in-associates- net	16	11,989,160	8,287,663
Finance income	32	7,577,961	8,532,463
Finance expense	33	(4,309,686)	(12,527,780)
PROFIT BEFORE TAXATION ON INCOME		**47,645,860**	**38,001,649**
Income tax expense		(7,587,393)	(6,271,709)
- Taxes on income	35	(8,330,264)	(7,017,515)
- Deferred tax income	35	742,871	745,806
PROFIT FOR THE YEAR		**40,058,467**	**31,729,940**
Other comprehensive income:			
Fair value reserve decrease in available-for-sale investments- net	7 - 35	(335,196)	(14,490)
Revaluation reserve increase- net	18	-	14,941,196
Currency translation differences	2 - 16	(108,038)	53,529
Revaluation reserve increase in investment-in-associates- net	16	-	1,360,631
Fair value reserve increase/(decrease) in investment-in-associates- net	16	860,074	(1,332,761)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**416,840**	**15,008,105**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**40,475,307**	**46,738,045**
EARNINGS PER SHARE	**36**	**0.9244**	**0.7322**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Changes in Equity
for the Years Ended at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Adjustment to share capital	Revaluation reserve	Fair value reserves of available-for-sale investments	Fair value reserves of investments-in-associates	Currency translation reserve	Restricted reserves	Retained earnings	Profit for the year	Total equity
1 January 2008	**43,335,000**	**37,059,553**	**68,319,681**	**403,042**	**2,957,210**	**(12,746)**	**4,997,479**	**20,093,104**	**30,408,191**	**207,560,514**
Transfer of prior year income to retained earnings	-	-	-	-	-	-	-	30,408,191	(30,408,191)	-
Legal reserves	-	-	-	-	-	-	2,977,856	(2,977,856)	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-	-	-	-	(18,200,700)	-	(18,200,700)
Depreciation transfer of Investments-in-associates - net (Note 16)	-	-	(498,321)	-	-	-	-	498,321	-	-
Sales of property, plant and equipment in investments-in-associates - net (Note 16)	-	-	(2,065,307)	-	-	-	-	2,065,307	-	-
Depreciation transfer (Note 18)	-	-	(2,232,630)	-	-	-	-	2,232,630	-	-
Total comprehensive income	-	-	16,301,827	(14,490)	(1,332,761)	53,529	-	-	31,729,940	46,738,045
31 December 2008	**43,335,000**	**37,059,553**	**79,825,250**	**388,552**	**1,624,449**	**40,783**	**7,975,335**	**34,118,997**	**31,729,940**	**236,097,859**
Transfer of prior year income to retained earnings	-	-	-	-	-	-	-	31,729,940	(31,729,940)	-
Legal reserves	-	-	-	-	-	-	2,160,363	(2,160,363)	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-	-	-	-	(6,187,200)	-	(6,187,200)
Depreciation transfer of investments-in-associates - net (Note 16)	-	-	(237,125)	-	-	-	-	237,125	-	-
Depreciation transfer (Note 18)	-	-	(2,261,615)	-	-	-	-	2,261,615	-	-
Total comprehensive income	-	-	-	(335,196)	860,074	(108,038)	-	-	40,058,467	40,475,307
31 December 2009	**43,335,000**	**37,059,553**	**77,326,510**	**53,356**	**2,484,523**	**(67,255)**	**10,135,698**	**60,000,114**	**40,058,467**	**270,385,966**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Cash Flows
for the Years Ended at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Cash flows from operating activities:			
Profit before taxation on income		47,645,860	38,001,649
Adjustments to reconcile profit before taxation on income to net cash generated from operating activities			
Depreciation and amortisation	18-19	7,646,484	7,240,460
Interest income	32	(4,341,068)	(1,440,847)
Interest expense	33	2,508,096	5,466,630
Provision for employment termination benefits	24	1,237,400	1,159,456
Impairment on property, plant and equipment	31.b	-	8,592
Management bonus provision	22	1,000,000	500,000
Share of results of investments-in-associates- net	16	(11,982,317)	(8,357,422)
Gain from sales of property, plant and equipment	31.a	(45,590)	(442,404)
Provision for impairment of trade receivables	31.b	-	115,150
Seniority incentive bonus	22.a-29.c	13,441	168,995
Taxes paid	35	(7,874,808)	(5,729,841)
Unrealized foreign exchange (gain)/loss		(49)	307,888
		35,807,449	36,998,306
Changes in assets and liabilities:			
Decrease/(increase) in trade receivables	10	2,637,177	(6,305,306)
Increase in inventory	13	(916,176)	(1,697,902)
Increase in due from related parties	37	(3,122,743)	(2,651,569)
(Increase)/decrease in other receivables and other current assets	11-26	(443,664)	2,130,266
Decrease in other non-current assets	26	-	363,923
Increase in trade payables	10	13,699,733	1,580,209
Increase/(decrease) in due to related parties	37	1,644,231	(206,308)
Decrease/(increase) in other current and non-current liabilities	11-22-26	(5,129,988)	3,704,060
Employment termination benefit paid	24	(446,483)	(645,292)
Net cash generated from operating activities		**43,729,536**	**33,270,387**
Investing activities:			
Interest received		2,180,078	1,006,051
Purchases of property, plant and equipment and intangible assets	18-19	(1,617,749)	(20,879,459)
Capital increase in investment-in-associates	16	-	(2,113,016)
Proceeds from sales of property, plant and equipment and intangible assets		46,355	447,106
Increase in non-trade due from related parties	37	(31,954,296)	(5,430,055)
Net cash used in investing activities		**(31,345,612)**	**(26,969,373)**
Financing activities:			
(Redemption of)/proceeds from bank borrowings	8	(8,102,343)	5,821,863
Redemption of leasing obligations	8	(981,433)	(651,116)
Redemption of other financial liabilities	8	(171,534)	(108,838)
(Redemption of)/increase in non-trade due to related parties	37	(3,018,970)	1,429,096
Dividends paid	37.ii.k	(6,187,200)	(18,200,700)
Interest paid		(3,749,621)	(4,283,411)
Dividends received	37.ii.d	6,641,276	6,158,430
Net cash used in financing activities		**(15,569,825)**	**(9,834,676)**
Decrease in cash and cash equivalents - net		**(3,185,901)**	**(3,533,662)**
Cash and cash equivalents at 1 January		5,452,707	8,991,631
Effect of foreign exchange on cash and cash equivalents		49	(5,262)
Cash and cash equivalents at 31 December		**2,266,855**	**5,452,707**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Majority of the Company's sales in the domestic market are made to its related party and investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), and the substantial portion of exports are made to Yaşar Dış Ticaret A.Ş. ("Yataş"), which are both Yaşar Group companies (Note 37).

The Company is subject to the regulations of the Capital Market Board ("CMB") and 33% (2008: 33%) of its shares are quoted in Istanbul Stock Exchange ("ISE"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 54% shares of the Company (2008: 54%) (Note 27).

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

Ankara Asfaltı 25. Km,
Kemalpaşa
İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

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

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

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcements in weekly newsletters numbered 2008/16, 2008/18, 2009/02, 2009/04 and 2009/40, including the mandatory disclosures. Within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, enterprises are obliged to present hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 38.c).

Other than land, buildings and land improvements, machinery and equipments and financial assets and liabilities carried at their fair values, financial statements are prepared in terms of Turkish Lira ("TL") and based on historical cost convention. The investment in associate registered in Germany prepares its financial statements in accordance with the applicable standards, laws and regulations in Germany, and certain adjustments and reclassifications for the purpose of fair presentation in accordance with the financial reporting standards issued by the CMB.

2.2 Amendments in International Financial Reporting Standards

a) New and amended standards adopted by the Company:
The Company has adopted the following new and amended IFRSs as of 1 January 2009:

-IFRS 7 'Financial instruments - Disclosures' (amendment) - effective from 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

-IAS 1 (revised), "Presentation of financial statements", (effective from 1 January 2009). Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen the option presenting one performance statement (the statement of comprehensive income).

-IAS 23 (amendment), "Borrowing Costs", (Relevant to the qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. Since the Company does not have any significant qualifying assets and financial costs corresponding to these assets, the amendment does not have a material effect on the financial statements of the Company.

-IAS 16 (amendment), "Property, Plant and Equipment", (effective for periods beginning on or after 1 January 2009). The amendment does not have an impact on the Company's financial statements.

-IAS 36 (amendment), "Impairment of Assets", (effective for periods beginning on or after 1 January 2009). Amendment is only related with the disclosure of estimates used to determine recoverable amount.

-IFRS 8 (revised), "Operating Segments", (effective for period beginning on or after 1 January 2009). Since the Company has a single reportable segment, the standard does not have an effect on the financial statements of the Company.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

b) Amendments and new standards and interpretations issued and effective other than those mentioned above in Note 2.2.a have not been presented since are not relevant to the operations of the Company.

c) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 and have not been early adopted by the Company:

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

-IFRS 3 (revised), "Business Combinations", (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

-IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. It is not expected to have an impact on the Company's financial statements and the Company's management will apply IAS 38 (Amendment) from the date which IFRS 3 (revised) is adopted.

-IAS 38 (amendment), "Intangible Assets", (effective for periods beginning on or after 1 January 2010). Amendments to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. It is not expected to have an impact on the Company's financial statements.

-IAS 36 (revised), "Impairment of Assets", (effective for periods beginning on or after 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment. It is not expected to have an impact on the Company's financial statements.

-IAS 7 (revised), "Statement of Cash Flows", (effective for periods beginning on or after 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment will not result in a material impact on the Company's statements of cash flows.

-IFRS 8 (revised), "Operating Segments", (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as there are not any operating segments reportable in accordance with IFRS 8 (Note 5).

-IAS 39 (amendment), "Financial Instruments: Recognition and Measurement"- Eligible Hedged Items, (effective with retrospective application for annual periods beginning on or after 1 July 2009). As the Company does not have any hedging transaction, it is not expected to have an impact on the Company's financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

-IAS 32 (amendment), "Financial Instruments: Presentation", (effective for annual periods beginning on or after 1 February 2010). It is not expected to have an impact on the Company's financial statements.

-IAS 24 (amendment), "Related Party Disclosures", (effective for annual periods beginning on or after 1 January 2011). As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

-IFRS 9, "Financial Instruments" (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted). It is not expected to have an impact on the Company's financial statements.

-Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). Although these standards are not expected to have a material impact on the Company's financial statements, the Company management is still assessing their impact.

-IFRS 5 (revised), "Measurement of Non-Current Assets (or disposal groups) classified as held-for-sale". The amendment is part of the International Accounting Standards Board's ("IASB") annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (Amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

-IAS 1 (amendment), "Presentation of Financial Statements". The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (Amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

-IFRIC 17 "Distribution of Non-Cash Assets to Owners", (effective for the annual periods beginning on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Company will apply IFRIC 17 from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

d) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 and not relevant for the Company's operations:

-IFRS 2 (amendment), "Group cash-settled share-based payment transactions" (effective from 1 January 2010). In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. Impact of the amendment on the Company's financial statements has been evaluated and any impact is not expected.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

-IFRS 2 (revised), "Share Based Payments", (effective for periods beginning on or after 1 July 2009). Amendment to confirm that, in addition to business combinations as defined by IFRS 3 (revised), "Business Combinations", contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, "Share-Based Payments". Impact of the amendment on the Company's financial statements has been evaluated and any impact is not expected.

-IFRIC 9 (revised), "Reassessment of Embedded Derivatives", (effective for periods ending on or after 30 June 2009). It is not expected to have an impact on the Company's financial statements, as the Company does not have any embedded derivatives.

-IFRIC 9 and IFRS 3 (revised), (effective for periods beginning on or after 1 July 2009). The IASB amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. It is not expected to have an impact on the Company's financial statements.

-IFRIC 18, "Transfers of Assets from Customers", (effective for periods beginning on or after 1 July 2009). It is not expected to have an impact on the Company's financial statements.

-IAS 17 (revised), "Leases", (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as the Company does not have any material leasing transactions

-IAS 39 (revised), "Financial Instruments: Recognition and Measurement", (effective for periods beginning on or after 1 January 2010). Amendments regarding scope exemption for business combination contracts and cash flow hedge accounting. It is not expected to have an impact on the Group's financial statements as there are no business combination contracts or cash flow hedges.

-IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", (effective for periods beginning on or after 1 July 2009). The change does not have any effect on the Company's 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 and are initially recognised at cost. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which not control. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves, such as fair value changes in available-for-sale financial assets, revaluation of property, plant and equipments, depreciation transfer and derecognition of such reserves, is recognised in statement of changes in equity and statement in comprehensive income.

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

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

The table below sets out the associates and the proportion of ownership interest as of 31 December 2009 and 2008 (Note 16):

	Shareholding (%)	
	2009	**2008**
Investments-in-associates		
YBP	38.26	38.26
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23.38	23.38
Pınar Foods GmbH ("Pınar Foods")	44.94	44.94
Pınar Anadolu Gıda Sanayi ve Ticaret A.Ş. ("Pınar Anadolu")	20.00	20.00
Desa Enerji Elektrik Üretimi Otoprodüktör Grubu ("Desa Enerji")	26.41	26.41

Foreign currency translation

i) Transactions and balances

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

ii) Translation of financial statements of foreign associate

Financial statements of Pınar Foods operating in Germany are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period. As of 31 December 2009, the equivalent of EUR1 is TL2,1603 (2008: TL2,1408) and for the year then ended, the average equivalent of EUR1 is TL2,1508 (2008: TL1,8958). Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

2.4 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items 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 revenue described in the section "Revenue recognition" are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5 Summary of Significant Accounting Policies

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

2.5.1 Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries are made, services are given and significant risks and rewards are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with

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the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, sales discounts and commissions given (Note 28).

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

2.5.2 Inventories

Inventories of the Company include raw materials, work-in-process and finished goods, office supplies, spare parts and packaging materials.

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

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

2.5.3 Property, plant and equipment

The Company's land and land improvements, buildings, machinery and equipment are stated at their fair values less subsequent depreciation based on the valuations performed by the external independent valuers at 31 December 2008, namely Elit Gayrimenkul Değerleme A.Ş. for land and land improvements and buildings and Vakıf Gayrimenkul Ekspertiz ve Değerleme A.Ş. for machinery and equipment based on the Company's assumption that those values do not significantly differ from their fair values as of 31 December 2009. All other items of property, plant and equipment except land, land improvements, building and machinery and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any (Note 18).

Increases in the carrying amount arising on the revaluation of property, plant and equipment are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statements of comprehensive income.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

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

Property, plant and equipments are capitalised and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. Residual values of property, plant and equipment are deemed as negligible. The advances given for the property, plant and equipment purchases are classified under the other non-current assets until the related asset is capitalised.

Depreciation is provided on the restated or revalued amounts of property, plant and equipment on a straight-line basis (Note 18). 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 equipments (including leased machinery and equipment)	5-30
Furniture and fixtures	5-10
Leased furniture and fixtures	4-10
Motor vehicles (including leased motor vehicles)	5

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount (Notes 2.5.5 and 18). If the property, plant and equipments that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognised in the statement of comprehensive income (Note 31.b).

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

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

2.5.4 Intangible assets

Intangible assets comprise information systems and software. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortisation and impairment losses, if any. Intangible assets are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition. Residual values of intangible assets are deemed as negligible. An impairment loss is recognised 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 (Notes 2.5.5 and 19).

2.5.5 Impairment of assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset, and property, plant and equipment that are stated at revalued amounts as of reporting date (Note 18) and goodwill. Goodwill accounted for as part of investment-in-associate is tested annually for impairment. If there is an indication of impairment with regard

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

to goodwill, the impairment test is performed more frequently. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

2.5.6 Borrowings and borrowings costs

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

2.5.7 Financial assets

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

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

a) Loans and receivables

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

b) Available-for-sale investments

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

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

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

2.5.8 Foreign currency transactions and balances

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

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

2.5.9 Business combinations

Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. In business combinations, the net fair value of identifiable assets and liabilities acquired including intangible assets that are not recognised at the financial statement of the acquired entity and those originate from a contractual right are calculated and recognised at their fair values in the financial statements. Goodwill is not amortised and tested annually for impairment. Where acquisition cost is less than the net fair value of the identifiable assets, liabilities, and contingent liabilities negative goodwill is recognised directly in the statement of comprehensive income in the period of the acquisitions.

As the distribution network does not meet the identifiability criterion since it is not capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations; it forms part of goodwill related to the acquisition of the associate (Note 16). The amount recognised in the goodwill is tested for impairment annually and if there is any indicator for impairment, the impairment test should be performed more frequently (Note 2.5.5).

2.5.10 Earnings per share

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

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

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

2.5.11 Subsequent events

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

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

2.5.12 Provisions, contingent liabilities and contingent assets

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

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

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

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

2.5.13 Accounting policies, errors and changes in accounting estimates

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

2.5.14 Related parties

For the purpose of the 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, together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 37).

2.5.15 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, there is a single reportable segment.

2.5.16 Leases

(1) The Company as the lessee

Finance Leases

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

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

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. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.5.17 Taxation on income

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

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

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 35).

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly (Note 35).

2.5.18 Provision for employment termination benefits

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

The Company recognises a liability and an expense for bonus and profit-sharing for the management and board of directors and recognises a provision in the current year (Note 22.a).

2.5.19 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing

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

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.

2.5.20 Trade receivables and provision for impairment of receivables

Trade receivables that are realised by the Company by way of providing goods or services directly to a debtor are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 10.a).

2.5.21 Share capital and dividends

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

2.5.22 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 10.b).

2.5.23 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The derivative financial instruments of the Company consist of foreign currency derivative swap transactions (Note 9).

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

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

2.5.24 Critical accounting estimates and judgements

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

a) Income taxes

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

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

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 (Note 7).

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

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

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

Land and buildings and machinery and equipments, that are used in the Company's operations, are stated at their fair values based on the valuations performed by the external independent valuers, at 31 December 2008, less the subsequent depreciation and these carrying values are assumed not to significantly differ from their fair values at 31 December 2009.

Land and buildings and land improvements were revaluated by the external independent valuers based on some techniques and assumptions as of 31 December 2008.

-Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach.

-In the market reference comparison method, current market information was utilised, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for lands subject to the valuation. The similar lands identified 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 utilised.

-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. Regarding the valuation of the machinery and equipment, technologic conditions, actual depreciation, commercial attributes and industrial positions as well as dismantling and assembling costs were taken into account.

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

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

NOTE 3 - BUSINESS COMBINATIONS

None (2008: None).

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 4 - JOINT VENTURES

None (2008: None).

NOTE 5 - 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, there is a single reportable segment.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Cash in hand	29,160	10,103
Banks	2,237,695	5,442,604
- demand deposits	50,695	72,604
- Local currency	33,205	71,158
- Foreign currency	17,490	1,446
- time deposits	2,187,000	5,370,000
- Local currency	2,187,000	5,370,000
	2,266,855	**5,452,707**

As of 31 December 2009, time deposits amounting to TL2,187,000 (2008: TL5,370,000) mature within one month (2008: one month) and bear the effective weighted average interest rates of 6.90% per annum ("p.a.") (2008: 16.50% p.a.).

Demand deposits at 31 December 2009 include foreign currency denominated balances comprised of USD11,616, equivalent of TL17,490 (2008: USD921 and EUR25, equivalent of TL1,446), whereas cash in hand at 31 December 2009 comprised of USD1,590 and EUR1,890, equivalent of TL6,477 (2008: USD345, EUR270 and GBP1, equivalent of TL1,101).

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.

NOTE 7 - FINANCIAL ASSETS

	31 December 2009	31 December 2008
Available-for-sale investments	432,083	851,078
Other financial assets (Note 8)	1,056,500	959,000
	1,488,583	**1,810,078**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS (Continued)

a) Available-for-sale investments:

	31 December 2009		31 December 2008	
	TL	**%**	**TL**	**%**
Yataş	369,691	1.76	767,344	1.96
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	62,392	1.33	83,734	1.33
	432,083		**851,078**	

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

As of 31 December 2009 and 2008, the discount and growth rates used in discounted cash flow models are as follows:

	Discount rate		Growth rate	
	2009	**2008**	**2009**	**2008**
Bintur	15.60%	17.50%	1%	0%
Yataş	11.37%	15.25%	0%	0%

Movements of available-for-sale investments in 2009 and 2008 are as follows:

	2009	2008
1 January	**851,078**	**871,641**
Fair value loss of Yataş	(397,653)	(30,367)
Fair value (loss)/gain of Bintur	(21,342)	9,804
31 December	**432,083**	**851,078**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS (Continued)

Movements of fair value reserve of available-for-sale investments in 2009 and 2008 are as follows:

	2009	2008
1 January	**388,552**	**403,042**
Decrease in fair value - net	(418,995)	(20,563)
Deferred income tax effect on fair value reserve of available-for-sale investments (Note 35)	83,799	6,073
31 December	**53,356**	**388,552**

b) Other financial assets:

As of 31 December 2009, other financial assets amounting to TL1,056,500 (2008: TL959,000) consist of receivables from derivative financial instruments, and have been disclosed in Notes 8 and 9.

NOTE 8 - FINANCIAL LIABILITIES

	31 December 2009	31 December 2008
Short-term bank borrowings	568,606	8,966,190
Short-term finance lease obligations	390	981,419
	568,996	9,947,609
Short-term derivative liabilities	215,636	387,170
Short-term financial liabilities and other financial liabilities	**784,632**	**10,334,779**
Long-term bank borrowings	10,801,500	10,704,000
Long-term finance lease obligations	-	404
	10,801,500	10,704,404
Long-term derivative assets (Note 7)	(1,056,500)	(959,000)
Long-term financial liabilities and other financial assets	**9,745,000**	**9,745,404**
Total financial liabilities, other financial assets and other financial liabilities	**10,529,632**	**20,080,183**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

a) Bank borrowings and other financial liabilities:

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2009	**31 December 2008**	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Short-term bank borrowings:						
TL borrowings (*)	-	23.05	381,868	3,336,752	381,868	3,336,752
EUR borrowings (**)	-	5.31	-	2,484,582	-	5,318,993
					381,868	8,655,745
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings (**)	6.62	10.88	86,441	145,013	186,738	310,445
					568,606	**8,966,190**
Derivative liabilities:						
Cross currency swaps		-	215,636	387,170	215,636	387,170
Total short-term bank borrowings and other financial liabilities					**784,242**	**9,353,360**
Long-term bank borrowings:						
EUR borrowings (**)	6.62	10.88	5,000,000	5,000,000	10,801,500	10,704,000
Derivative financial assets:						
Cross currency swaps		-	(1,056,500)	(959,000)	(1,056,500)	(959,000)
Total long-term bank borrowings and other financial assets					**9,745,000**	**9,745,000**

(*) TL denominated short-term bank borrowings are comprised of spot bank borrowings without interest charge as of 31 December 2009 (2008: TL denominated short-term bank borrowings were comprised of revolving bank borrowings with floating interest rates and spot bank borrowings without interest charge).

(**) As of 31 December 2009, there is no EUR denominated short term bank borrowings (2008: EUR denominated short-term bank borrowings consisted of letter of credits with monthly and semi-annually floating interest rates between Euribor +0.55% p.a. and +1.50% p.a.). EUR denominated long-term bank borrowings consist of with semi-annually floating interest rate with Euribor +5.60% p.a. (2008: semi-annually floating interest rates at Euribor +5.60% p.a.).

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

Based on the loan agreement undersigned on 27 September 2006 between the Company and Morgan Stanley International Limited, the Company received a borrowing amounting to EUR5,000,000 with a maturity date of 27 September 2013 and with an interest rate of Euribor + 5.60% p.a. Yaşar Holding, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayi A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş. have undersigned this loan agreement as the guarantors of this borrowing obtained. With respect to a long term borrowing of EUR5,000,000, the Company signed a cross currency swap agreement with Morgan Stanley & Co. International Limited together with the undersigned International Swaps and Derivatives Association ("ISDA") master agreements, related appendices and corresponding swap confirmation documents. In line with this agreement, the Company swapped the borrowing amounting to EUR5,000,000 with the interest rate of Euribor + 5.60% p.a., with a currency swap amounting to TL9,745,000, using the interest rate of TL swap curve +8.50% p.a. The gain or loss relating to the cross currency swaps is recognized in the statement of comprehensive income in finance income (Note 32) and finance expenses (Note 33). The notional principal amount of the cross currency swap amounts to TL20,546,500 as at 31 December 2009 (2008: TL20,449,000).

With respect to the scope of the loan agreement signed with Morgan Stanley International Limited regarding borrowing amounting to EUR5,000,000; there are particular financial ratios which the main shareholder, Yaşar Holding A.Ş., has to comply. Based on the unaudited consolidated financial statements of Yaşar Holding A.Ş. as of 31 December 2009, the Company management expects to meet those financial ratios. Thus, the loan maturing in 2013 has been recognising as long-term bank borrowings in the financial statements.

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

The redemption schedule of long-term bank borrowings at 31 December 2009 and 2008 is as follows:

	31 December 2009	**31 December 2008**
2013	9,745,000	9,745,000
	9,745,000	**9,745,000**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2009 and 2008 the carrying amounts of the bank borrowings with floating and fixed rates, which were classified in terms of periods remaining to contractual repricing dates, are as follows:

	Up to 3 months	3 - 12 months	Total
- 31 December 2009:			
Bank borrowings with floating rates	10,147,374	-	10,147,374
Bank borrowings with fixed rates	-	-	381,868
Total			**10,529,242**
- 31 December 2008:			
Bank borrowings with floating rates	18,474,985	286,623	18,761,608
Bank borrowings with fixed rates	-	-	336,752
Total			**19,098,360**

According to the interest rate sensitivity analysis performed at 31 December 2009, if interest rates on bank borrowings had been 1% higher while all other variables being constant, net income for the current year would be TL25,445 lower (2008: TL27,899 lower), as a result of additional interest expense that would be incurred on bank borrowings with floating rates.

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

	Carrying Amounts		Fair Values	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Bank borrowings	**10,529,242**	**19,098,360**	**9,861,743**	**20,200,023**

The fair values are based on cash flows discounted using the rate based on the borrowing rate of 19.73% p.a. for TL denominated bank borrowings as of 31 December 2009 (2008: 3.33% p.a. and 22.45% p.a. for EUR and TL denominated bank borrowings, respectively).

	31 December 2009	31 December 2008
b) Finance lease obligations:		
Short-term finance lease obligations	390	981,419
Long-term finance lease obligations	-	404
	390	**981,823**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

The average weighted interest rate for finance lease obligations is 1.09% p.a. (2008: 2.80% p.a.). The carrying amounts of finance lease obligations approximate their fair values.

As of 31 December 2009, finance lease obligations consist of EUR180 (2008: EUR458,532 and TL199).

NOTE 9 - OTHER FINANCIAL LIABILITIES

Please refer to Note 8.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008
a) Short-term trade receivables:		
Customer current accounts	7,477,689	8,278,140
Cheques and notes receivable	5,767,009	7,683,294
	13,244,698	15,961,434
Less: Provision for impairment of receivables	(313,018)	(313,018)
Unearned finance income	(74,251)	(153,810)
	12,857,429	**15,494,606**

The effective weighted average interest rate on TL denominated trade receivables is 6.84% p.a. as of 31 December 2009 (2008: 16.43% p.a.). Customer current accounts and notes receivable are all short term and mature within one month and two months, respectively (2008: all mature in two months).

The agings of cheques and notes receivable are as follows;

Overdue	60,150	10,729
0-30 days	2,984,136	4,169,493
31-60 days	2,536,192	2,720,532
61-90 days	8,531	303,960
91 days and over	178,000	478,580
	5,767,009	**7,683,294**

Collaterals received for trade receivables

Trade receivables mainly resulted from sales of meat and meat products. As of 31 December 2009, the Company has trade receivables amounting to TL12,857,429 (2008: TL15,494,606), over which no provision for impairment is provided. The Company management does not expect any collection risk regarding those receivables based on its past experience (Note 38.a).

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Aging analysis for trade receivables

The agings of trade receivables as of 31 December 2009 and 2008, over which no provision for impairment is provided, are as follows:

	31 December 2009	31 December 2008
Overdue	512,500	643,087
0-30 days	6,973,146	8,729,303
31-60 days	5,191,978	5,283,596
61-90 days	8,405	381,738
91 days and over	171,400	456,882
	12,857,429	**15,494,606**

As of 31 December 2009, trade receivables of TL512,500 (2008: TL643,087), over which no provision for impairment is provided, were past due. The Company management does not expect any collection risk regarding those receivables based on its past experience (Note 38.a).

The aging of overdue receivables as of 31 December 2009 and 2008 are as follows;

	31 December 2009	31 December 2008
0-3 months	511,074	609,329
3-6 months	-	33,157
6 months and over	1,426	601
	512,500	**643,087**

Movements in the provision for impairment of receivables are as follows:

	2009	2008
1 January	**(313,018)**	**(221,722)**
Collections	-	23,854
Charge to the statement of comprehensive income (Note 31.b)	-	(115,150)
31 December	**(313,018)**	**(313,018)**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2009	31 December 2008
b) Short-term trade payables:		
Supplier current accounts	34,088,240	20,454,406
Less: Unincurred finance cost	(139,295)	(205,194)
	33,948,945	**20,249,212**

As of 31 December 2009 and 2008, the effective weighted average interest rate TL, USD and EUR denominated on short-term trade payables are as below:

TL denominated trade payables	6.83%	16.49%
USD denominated trade payables	0.23%	0.77%
EUR denominated trade payables	0.41%	2.70%

As of 31 December 2009 and 2008, original currency details of foreign currency denominated trade payables are as below:

EUR denominated trade payables	588,315	140,065
USD denominated trade payables	4,250	1,010

Trade payables mature within one month (2008: two months).

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Notes to the Financial Statements at 31 December 2009 And 2008

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008
a) Short-term other receivables:		
Deposits and guarantees given	3,494	3,494
Receivables from tax office	-	379,944
Other	-	30,374
	3,494	**413,812**
b) Long-term other receivables:		
Deposits and guarantees given	131	131
c) Short-term other payables:		
Deposits and guarantees received	13,046	13,098
Notes payable (*)	-	201,438
	13,046	**214,536**

(*) As of 31 December 2008, the Company utilized financial support provided by Türkiye Teknoloji Geliştirme Vakfı without interest charge for the research and development projects. The total amount of notes payable was USD133,200.

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2008: None).

NOTE 13 - INVENTORIES

	31 December 2009	31 December 2008
Raw materials	3,412,654	2,954,314
Raw materials in transit	2,376,052	506,114
Work in progress	5,540,147	5,931,336
Finished goods	5,440,474	6,679,613
Spare parts	1,925,037	1,745,948
Other (*)	240,250	201,113
	18,934,614	**18,018,438**

(*) Other stocks mainly consist of palettes and packaging materials.

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NOTE 13 - INVENTORIES (Continued)

The cost of inventories recognised as expense and included in cost of sales amounted to TL209,574,855 (2008: TL206,694,342) (Note 30). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell as of 31 December 2009.

NOTE 14 - BIOLOGICAL ASSETS

None (2008: None).

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES

None (2008: None).

NOTE 16 - INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

Investments-in-associates:

	31 December 2009		31 December 2008	
	TL	**%**	**TL**	**%**
YBP	74,694,128	38.26	69,666,296	38.26
Çamlı Yem	19,637,130	23.38	19,110,558	23.38
Pınar Foods	2,721,261	44.94	2,309,042	44.94
Desa Enerji	2,275,098	26.41	2,042,340	26.41
Pınar Anadolu	761,210	20.00	867,514	20.00
	100,088,827		**93,995,750**	

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

	2009	2008
1 January	**93,995,750**	**89,602,361**
Increase/(decrease) in fair value reserves of associates - net (YBP and Çamlı Yem)	860,074	(1,332,761)
Capital increase (Desa Enerji)	-	2,113,016
Share of profit before taxation of investments-in-associates	14,845,894	10,932,201
Share of loss before taxation of investments-in-associates	-	(697,819)
Dividend income from investments-in-associates (Note 37.ii.d)	(6,641,276)	(6,158,430)
Currency translation reserve	(108,038)	53,529
Decrease in revaluation reserves of investments-in-associates- net	(237,125)	(1,202,997)
Reclassification of decrease in revaluation reserve of investments-in-associates to retained earnings	237,125	2,563,628
Share of income taxation on investments-in-associates	(2,856,734)	(1,946,719)
Inventory profit elimination	(6,843)	69,741
31 December	**100,088,827**	**93,995,750**

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Notes to the Financial Statements at 31 December 2009 And 2008

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

The Company acquired 23% (equivalent to 4,601,731,996 units of shares) and 6% (equivalent to 4,801,800,000 units of shares) of YBP shares in 2004 and in 2005, in consideration of TL25,175,996 and TL8,167,862 respectively. Together with these acquisitions, the shares of the Company in YBP increased from 9.26% to 32.26% and then, to 38.26% gradually. The fair values regarding to purchases of 23% and 6% of YBP shares are based on the valuation range determined by an independent valuer.

The distribution network, which is a component of fair value and stated in the financial statements as a result of the acquisition of the associate, is not capable of being separated or divided from the entity and sold, transferred, licensed or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations, thus it is included in the goodwill generated from the acquisition. As of 31 December 2009, distribution network and the goodwill amounted to TL39,162,384 (2008: TL39,162,384). As of 31 December 2009, the Company performed an impairment test for the distribution network and goodwill in accordance with IAS 36 by using discounted cash flow method, and based on the impairment test, no impairment has been identified. The discount rate applied for the discounted cash flow is 12.50% p.a. whereas the growth rate is 1% p.a.

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

	31 December 2009			31 December 2008		
	Assets	**Liabilities**	**Profit for the year**	**Assets**	**Liabilities**	**Profit/(loss) for the year**
- YBP	250,007,632	156,618,305	24,226,269	222,143,836	141,855,520	16,879,574
- Çamlı Yem	176,435,417	92,444,269	7,078,035	165,212,335	83,522,721	2,573,461
- Desa Enerji	14,748,357	6,133,823	881,357	13,386,388	5,653,213	(2,485,526)
- Pınar Foods	7,111,708	1,056,387	1,066,925	6,022,070	884,150	921,346
- Pınar Anadolu	6,457,967	2,651,917	1,765,513	6,317,107	1,979,540	2,455,031

NOTE 17 - INVESTMENT PROPERTY

Land and buildings that are occupied by and leased to investment-in-associates, do not qualify as investment property in the financial statements since the related investments in associates are accounted for using equity method to the extent of the Company's interest in these associates. In this respect, the Company has no investment property as of 31 December 2009 (2008: None).

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2009 were as follows:

	1 January 2009 Opening	Additions	Disposals	Transfers	31 December 2009 Closing
Cost/valuation:					
Land	48,851,000	-	-	-	48,851,000
Buildings and land improvements	67,414,100	140,933	-	62,711	67,617,744
Machinery and equipment	121,904,641	813,313	(33,390)	-	122,684,564
Leased machinery and equipment	3,096,753	-	-	-	3,096,753
Furniture and fixtures	26,108,869	582,528	(3,904)	-	26,687,493
Leased furniture and fixtures	1,100,261	-	-	-	1,100,261
Motor vehicles	2,379,757	-	(429,847)	-	1,949,910
Leased motor vehicles	44,015	-	-	-	44,015
Construction in progress	56,338	76,830	-	(62,711)	70,457
	270,955,734	**1,613,604**	**(467,141)**	**-**	**272,102,197**
Accumulated depreciation:					
Buildings and land improvements	(23,241,718)	(1,542,795)	-	-	(24,784,513)
Machinery and equipment	(80,450,500)	(4,115,599)	32,625	-	(84,533,474)
Leased machinery and equipment	(754,929)	(484,209)	-	-	(1,239,138)
Furniture and fixtures	(19,307,613)	(1,266,602)	3,904	-	(20,570,311)
Leased furniture and fixtures	(439,739)	(129,433)	-	-	(569,172)
Motor vehicles	(2,276,628)	(78,485)	429,847	-	(1,925,266)
Leased motor vehicles	(44,015)	-	-	-	(44,015)
	(126,515,142)	**(7,617,123)**	**466,376**	**-**	**(133,665,889)**
Net book value	**144,440,592**				**138,436,308**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2008 were as follows:

	1 January 2008 Opening	Additions	Disposals	Transfers	Revaluation	Impairment (Note 31.b)	31 December 2008 Closing
Cost/valuation:							
Land	31,439,000	7,780,000	-	-	9,632,000		48,851,000
Buildings and land improvements	59,349,659	4,721,700	-	1,262,921	2,079,820	-	67,414,100
Machinery and equipment	110,958,228	6,789,017	-	-	4,165,988	(8,592)	121,904,641
Leased machinery and equipment	2,662,223	-	-	-	434,530	-	3,096,753
Furniture and fixtures	25,507,213	591,609	(75,243)	85,290	-	-	26,108,869
Leased furniture and fixtures	1,100,261	-	-	-	-	-	1,100,261
Motor vehicles	3,345,441	-	(965,684)	-	-	-	2,379,757
Leased motor vehicles	919,804	-	(875,789)	-	-	-	44,015
Construction in progress	411,216	993,333	-	(1,348,211)	-	-	56,338
	235,693,045	**20,875,659(*)**	**(1,916,716)**	**-**	**16,312,338**	**(8,592)**	**270,955,734**
Accumulated depreciation:							
Buildings and land improvements	(21,793,344)	(1,448,374)	-	-	-		(23,241,718)
Machinery and equipment	(76,819,299)	(3,631,201)	-	-	-		(80,450,500)
Leased machinery and equipment	(367,302)	(387,627)	-	-	-		(754,929)
Furniture and fixtures	(18,017,105)	(1,365,425)	74,917	-	-		(19,307,613)
Leased furniture and fixtures	(289,493)	(150,246)	-	-	-		(439,739)
Motor vehicles	(3,102,439)	(125,226)	961,308	-	-		(2,266,357)
Leased motor vehicles	(838,690)	(91,385)	875,789	-	-		(54,286)
	(121,227,672)	**(7,199,484)**	**1,912,014**	**-**	**-**		**(126,515,142)**
Net book value	**114,465,373**						**144,440,592**

(*) Property, plant and equipment purchases are mainly comprised of land and buildings purchased from Çamlı Yem.

As of 31 December 2009 and 2008, the Company has no mortgages given for loans obtained from several financial institutions.

Current year's depreciation and amortisation charges were allocated to cost of goods sold by TL5,667,482 (2008: TL5,014,055), to the cost of inventories by TL164,594 (2008: TL344,485), to general administrative expenses by TL612,061 (2008: TL598,157) (Note 29), to selling and marketing expenses by TL1,001,248 (2008: TL1,080,811) (Note 29), and to research and development expenses by TL201,099 (2008: TL202,952) (Note 29).

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2009 and 2008 were as follows:

	2009	2008
1 January	**79,825,250**	**68,319,681**
Depreciation transfer upon revaluation reserve	(2,827,019)	(2,232,630)
Deferred income tax calculated on depreciation transfer	565,404	446,526
Depreciation transfer of investments-in-associates - net	(237,125)	(498,321)
Decrease in revaluation reserves of investments-in-associates - net	-	(704,676)
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements	-	12,000,633
Increase in revaluation reserve arising from revaluation of machinery and equipment	-	4,600,518
Decrease in revaluation reserve arising from revaluation of land, buildings and land improvements	-	(288,813)
Deferred income tax calculated on revaluation reserve	-	(1,817,668)
31 December	**77,326,510**	**79,825,250**

The carrying amounts of each class of property, plant and equipments that would have been recognised if the assets have been carried under the cost model at 31 December 2009 and 2008, are as follows:

31 December 2009:	**Land**	**Land improvements and buildings**	**Machinery and equipment (*)**
Cost	11,383,443	25,542,045	95,312,080
Less: Accumulated depreciation	-	(12,015,840)	(73,696,659)
Net book value	**11,383,443**	**13,526,205**	**21,615,421**

31 December 2008:	**Land**	**Land improvements and buildings**	**Machinery and equipment (*)**
Cost	11,383,443	25,338,401	94,532,157
Less: Accumulated depreciation	-	(11,024,823)	(71,404,717)
Net book value	**11,383,443**	**14,313,578**	**23,127,440**

(*) Carrying amounts of machinery and equipment and accumulated depreciation contain leased machinery and equipments.

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NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2009 and 2008 were as follows:

	1 January 2009 Opening	Additions	31 December 2009 Closing
Costs:			
Rights	16,466,661	4,145	16,470,806
Accumulated amortisation	(16,433,745)	(29,361)	(16,463,106)
Net book value	**32,916**		**7,700**

	1 January 2008 Opening	Additions	31 December 2008 Closing
Costs:			
Rights	16,462,861	3,800	16,466,661
Accumulated amortisation	(16,392,769)	(40,976)	(16,433,745)
Net book value	**70,092**		**32,916**

NOTE 20 - GOODWILL

None (2008: None).

NOTE 21 - GOVERNMENT GRANTS

None (2008: None).

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	31 December 2009	31 December 2008
a) Short-term provisions:		
Management bonus accruals	1,000,000	500,000
Provision for litigations	60,200	70,700
Provision for seniority incentive bonus	44,922	65,305
Other	3,855	4,145
	1,108,977	**640,150**
b) Long-term provisions:		
Provision for seniority incentive bonus	137,514	103,690

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

	2009	2008
1 January	**500,000**	**920,000**
Provision for management bonus for the year 2008	500,000	500,000
Payment of management bonus	(1,000,000)	(920,000)
Provision for management bonus for the year 2009	1,000,000	-
31 December	**1,000,000**	**500,000**

	31 December 2009	31 December 2008
c) Guarantees Given:		
Bails	607,668,627	672,211,200
Letters of guarantee	1,015,802	320,677
	608,684,429	**672,531,877**

As of 31 December 2009 and 2008, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş., Viking Kağıt ve Selüloz A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. for repayment of borrowings obtained by Yaşar Group companies from international capital markets amounting to EUR281,289,000, equivalent of TL607,668,627 (2008: EUR314 million, equivalent of TL672,211,200).

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Notes to the Financial Statements at 31 December 2009 And 2008

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

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2009 and 2008 were as follows:

		31 December 2009	31 December 2008
CPM provided by the Company:			
A. Total amount of CPM given for the Company's own legal personality		1,015,802	320,677
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		607,668,627	672,211,200
i. Total amount of CPM given on behalf of the majority shareholder		391,638,627	441,004,800
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.		216,030,000	231,206,400
iii. Total amount of CPM given on behalf of third parties which are not in scope of C.		-	-
		608,684,429	**672,531,877**
Total amount of other CPM/Equity		225.1%	284.9%
d) Guarantees received:			
Bails		10,801,500	10,704,000
Mortgages		538,210	538,210
Letters of guarantee		512,152	245,000
Guarantee notes		355,250	444,637
		12,207,112	**11,931,847**

Foreign currency denominated guarantees are as follows:

Guarantees and bails given	EUR	281,289,000	314,000,000
Guarantees and bails received	EUR	5,191,000	5,084,000
	USD	9,000	13,000

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

e) Contingent liabilities:
Following negotiations with Kemalpaşa Municipality Housing Department regarding the 1/1000 scaled building development scheme dated 27 February 2008, it has been identified that the plots in Kemalpaşa - Izmir, the site of the Company's land, buildings and land improvements, are located within an industrial zone. As of 31 December 2009, the fair value of the aforementioned properties located on the plots amounts to TL80,941,264. This plan was announced at the Industry and Trade Office in Izmir within July 2008. If the building development scheme comes into force, Kemalpaşa Municipality may reduce the legal area on the title deeds of those properties. In consideration of time consuming process, it is not possible to make a reliable estimate of the amount of any possible reduction over those plots cannot be reliably estimated. The Company management assumes that the impact of such reduction will be immaterial to the financial statements.

NOTE 23 - COMMITMENTS

As of 31 December 2009 the Company has purchase commitments amounting to TL641,044, equivalent of EUR296,720. relating to 699,811 m2 of packaging material (2008: 99 tons fresh meat sales commitments amounting to TL668,332 and purchase commitments to Çamlı Yem amounting to TL7,132,420 relating to 1,764 tons of turkey meat and to a supplier amounting to TL1,156,032, equivalent of EUR540,000 relating to 1,350,000 m2 of packaging material).

NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2009	31 December 2008
Provision for employment termination benefits	4,956,437	4,165,520
	4,956,437	**4,165,520**

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

The amount payable consists of one month's salary limited to a maximum of TL2,365.16 for each year of service as of 31 December 2009 (2008: TL2,173.18). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL2,427.04 which is effective from 1 January 2010 (1 January 2009: TL2,260.05) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	31 December 2009	31 December 2008
Discount rate (%)	5.92	6.26
Probability of retirement (%)	98.56	98.45

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

	2009	2008
1 January	**4,165,520**	**3,651,356**
Interest costs	246,599	228,575
Actuarial losses	336,355	237,713
Paid during the year	(446,483)	(645,292)
Annual charge	654,446	693,168
31 December	**4,956,437**	**4,165,520**

The total of interest costs, actuarial losses and annual charge for the year amounting to TL1,237,400 (2008: TL1,159,456) was included in general administrative expenses (Note 29).

NOTE 25 - PENSION PLANS

None (2008: None).

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Notes to the Financial Statements at 31 December 2009 And 2008

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NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2009	31 December 2008
a) Other current assets:		
Prepaid expenses	948,886	461,865
Value Added Tax ("VAT") receivable	476,891	37,308
Order advances given	463,327	467,714
Receivable from personnel	14,937	31,509
Income accrual	-	49,344
Other	1,039	3,358
	1,905,080	**1,051,098**
b) Other current liabilities:		
Witholding taxes and funds payable	968,049	967,368
Payable to personnel	491,369	794,725
Order advances received	237,480	437,723
Overdue taxes payable (*)	-	3,914,706
Other	9,221	9,305
	1,706,119	**6,123,827**

(*) Overdue taxes amounting to TL3,914,706 including interest accrual of TL134,987 as of 31 December 2008 were paid in 2009 with the accrued overdue interest charge related to 2009 amounting to TL1,297,822 (Note 31.b).

NOTE 27 - EQUITY

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL1. The Company's historical authorised registered share capital at 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Registered share capital (historical values)	100,000,000	100,000,000
Authorised registered share capital with a nominal value	43,335,000	43,335,000

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 27 - EQUITY (Continued)

The compositions of the Company's share capital at 31 December 2009 and 2008 were as follows:

	31 December 2009		31 December 2008	
	Share (%)	**TL**	**Share (%)**	**TL**
Yaşar Holding (A,B)	54	23,476,893	54	23,476,893
Pınar Süt (A,B)	13	5,451,752	13	5,451,752
Public quotation (A,B)	33	14,406,355	33	14,406,355
Share capital	**100**	**43,335,000**	**100**	**43,335,000**
Adjustment to share capital		37,059,553		37,059,553
Total paid-in capital		**80,394,553**		**80,394,553**

Adjustment to share capital amounting to TL37,059,553 (2008: TL37,059,553) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

As of 31 December 2009, there are 43,335,000 (2008: 43,335,000) units of shares with a face value of TL1 each.

The Company's capital is composed of 15,000 units of A type registered share and 43,320,000 units of B type bearer share, and the B type bearer shares are traded on ISE. The shareholders of A type registered shares are granted a privilege for voting in general assembly and to nominate a candidate to the Board of Directors.

Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from among the Company's shareholders or from outside the Company personnel, in accordance with the provisions of the Turkish Commercial Code ("TCC"). In the event the Board of Directors comprises five members, three are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises seven members, four are elected from among candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, four from those nominated by shareholders bearing B type shares. In addition, the chairman of the board and the executive director are selected from among shareholders of A type shares.

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 making pro-rata distribution of shares to existing shareholders from retained earnings.

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

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NOTE 27 - EQUITY (Continued)

The legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits, after statutory carry forward tax losses deducted, at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in share capital in case of full distribution of respective profit as dividend. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

The aforementioned amounts accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At 31 December 2009, the restricted reserves of the Company amount to TL10,135,698 (2008: TL7,975,335). The unrestricted reserves of the Company, amounting to TL38,262,483 (2008: TL14,410,437), is classified in the retained earnings.

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

-the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

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

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

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

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

Based on the decision of General Assembly meeting on 12 May 2009, the Company has distributed 20% of the net income for the year 2008 amounting to TL6,187,200 as dividend.

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Notes to the Financial Statements at 31 December 2009 And 2008

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NOTE 27 - EQUITY (Continued)

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

	31 December 2009	31 December 2008
Extraordinary reserves	32,411,079	8,559,033
Retained earnings	8,402,270	8,707,698
Profit for the year	37,618,155	33,166,370
	78,431,504	**50,433,101**

NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2009	1 January - 31 December 2008
Domestic sales	374,362,775	375,372,701
Export sales	5,343,085	4,489,828
Other sales	1,046,057	1,448,907
Gross Sales	380,751,917	381,311,436
Less: Discounts	(66,283,906)	(64,581,329)
Returns	(6,596,780)	(10,607,840)
Net Sales	**307,871,231**	**306,122,267**
Cost of finished good sales	(241,996,217)	(239,769,429)
Cost of trade good sales	(94,454)	(144,175)
Cost of other sales	(962,755)	(1,065,580)
Cost of sales (-)	**(243,053,426)**	**(240,979,184)**
Gross Profit	**64,817,805**	**65,143,083**

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

	1 January - 31 December 2009	1 January - 31 December 2008
a) Research and development expenses:		
Staff costs	360,011	389,822
Depreciation and amortisation (Notes 18 and 19)	201,099	202,952
Material costs	71,045	78,786
Other	136,707	109,211
	768,862	**780,771**
b) Marketing, selling and distribution expenses:		
Advertisement	11,107,347	11,058,511
Staff costs	1,762,094	1,873,737
Utilities	1,190,369	1,363,153
Depreciation and amortisation (Notes 18 and 19)	1,001,248	1,080,811
Repair and maintenance	876,308	998,460
Outsourced services	668,903	759,731
Other	1,055,952	1,104,858
	17,662,221	**18,239,261**
c) General administrative expenses:		
Consultancy charges	4,386,536	3,610,671
Staff costs	3,039,963	3,189,961
Management bonus	1,555,000	1,580,000
Employment termination benefits (Note 24)	1,237,400	1,159,456
Depreciation and amortisation (Notes 18 and 19)	612,061	598,157
Outsourced services	562,529	605,623
Representation and hosting	341,044	410,967
Repair and maintenance	211,791	262,166
Utilities	208,499	218,906
Taxes (Corporate tax excluded)	146,882	336,712
Communication	100,528	146,512
Other	829,725	1,180,844
	13,231,958	**13,299,975**
Total operating expenses	**31,663,041**	**32,320,007**

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NOTE 30 - EXPENSES BY NATURE

	1 January - 31 December 2009	**1 January - 31 December 2008**
Direct material costs	209,574,855	206,694,342
Staff costs	16,553,541	17,055,943
Advertisement	11,107,347	11,058,511
Outsourced services	9,743,566	11,101,352
Utilities	8,205,511	8,073,908
Depreciation and amortisation (Notes 18 and 19)	7,826,375	6,657,603
Consultancy charges	4,388,216	3,610,671
Repair and maintenance	2,792,413	3,029,310
Employment termination benefits (Note 24)	1,237,400	1,159,456
Funds and aids	358,780	421,594
Rent	305,937	337,467
Taxes, dues and fees	204,256	424,782
Insurance	138,643	113,204
Other	2,279,627	3,561,048
	274,716,467	**273,299,191**

NOTE 31 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2009	**1 January - 31 December 2008**
a) Other operating income:		
Rent income	628,201	666,060
Income from sales of scrap	109,628	215,646
Income from sales of property, plant and equipment	45,590	442,404
Reversal of provision for lawsuits	10,500	143,723
Other	152,400	230,873
	946,319	**1,698,706**
b) Other operating expense:		
Tax penalties (Note 26.b)	(1,297,822)	(134,987)
Donations (Note 37.ii.l)	(358,780)	(250,000)
Bad debt expense (Note 10.a)	-	(115,150)
Impairment on property, plant and equipment (Note 18)	-	(8,592)
Other	(56,056)	(303,750)
	(1,712,658)	**(812,479)**

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NOTE 32 - FINANCE INCOME

	1 January - 31 December 2009	1 January - 31 December 2008
Interest income	4,341,068	1,440,847
Bail income from related parties (Note 37.ii.c)	1,587,480	1,333,320
Foreign exchange gain	890,292	2,614,850
Interest income on term sales	582,512	469,680
Foreign exchange gain from swap transaction	97,500	2,153,000
Early payment discount	69,782	453,803
Other	9,327	66,963
	7,577,961	**8,532,463**

NOTE 33 - FINANCE EXPENSES

	1 January- 31 December 2009	1 January - 31 December 2008
Interest expense	(1,397,721)	(3,959,791)
Interest expense from swap transaction	(1,110,375)	(1,506,839)
Foreign exchange loss	(1,069,673)	(6,036,685)
Interest expense on term purchases	(475,447)	(673,988)
Bail expense	(162,999)	(261,031)
Other	(93,471)	(89,446)
	(4,309,686)	**(12,527,780)**

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

None (2008: None).

NOTE 35 - TAX ASSETS AND TAX LIABILITIES

As of 31 December 2009 and 2008, corporation taxes currently payable are as follows:

	31 December 2009	31 December 2008
Corporation taxes currently payable	8,330,264	7,017,515
Less: Prepaid corporate tax	(6,587,134)	(5,729,841)
Current income tax liabilities	**1,743,130**	**1,287,674**

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Corporation tax is payable at a rate of 20% for 2009 (2008: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% (2008: 19.8%) on the investment incentive allowance utilized within the scope of the Income Tax Law temporary article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2008: 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% (2008: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2008: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filing, 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 against future taxable income for up to 5 years. However, tax losses cannot be carried back to offset profits from previous periods.

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 sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

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

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

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 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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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Transfer Pricing

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

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

Taxation on income in the statement of comprehensive income for the years ended 31 December 2009 and 2008 are as follows:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Current corporation tax expense	(8,330,264)	(7,017,515)
Deferred tax income	742,871	745,806
Taxation on income	**(7,587,393)**	**(6,271,709)**

The reconciliation of the taxation on income is as follows:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Profit before tax	47,645,860	38,001,649
Tax calculated at tax rates applicable to the profit	(9,529,172)	(7,600,330)
Expenses not deductible for tax purposes	(356,939)	(141,040)
Income not subject to tax	222,211	131,215
Tax effect upon the results of investment-in-associates	2,397,832	1,657,533
Other	(321,325)	(319,087)
Taxation on income	**(7,587,393)**	**(6,271,709)**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Deferred income taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future periods under the liability method using a principal tax rate of 20% (2008: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2009 and 2008 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		Deferred income tax assets/(liabilities)	
	2009	**2008**	**2009**	**2008**
Restatement differences on tangible and intangible assets	(6,530,546)	(6,139,668)	1,306,109	1,227,934
Useful life differences on property, plant and equipment	9,384,625	9,414,146	(1,876,925)	(1,882,829)
Provision for employment termination benefits	(4,956,437)	(4,165,520)	991,287	833,104
Revaluation of machinery and equipment	18,393,284	20,668,525	(3,678,657)	(4,133,705)
Revaluation of buildings	29,307,026	29,858,804	(5,861,405)	(5,971,761)
Revaluation of land	37,467,557	37,467,557	(1,873,378)	(1,873,378)
Provision for bonus accruals	(1,489,297)	(1,294,725)	297,859	258,945
Available-for-sale investments	(1,613,294)	(1,194,299)	322,659	238,860
Provision for seniority incentive bonus	(182,436)	(168,995)	36,487	33,799
Provision for litigations	(60,200)	(70,700)	12,040	14,140
Other	(438,095)	(959,580)	87,619	191,916
Deferred income tax assets			3,054,060	2,798,698
Deferred income tax liabilities			(13,290,365)	(13,861,673)
Deferred income tax liabilities- net			**(10,236,305)**	**(11,062,975)**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

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

	2009	2008
1 January	**(11,062,975)**	**(10,443,712)**
Charged to revaluation reserve (*)	-	(1,371,142)
Charged to fair value reserve of available-for-sale investments (Note 7.a)	83,799	6,073
Credited to statement of comprehensive income	742,871	745,806
31 December	**(10,236,305)**	**(11,062,975)**

(*) The Company recognised the deferred income tax amounting to TL565,404 as of 31 December 2009 (2008: TL446,526) (Note 18) calculated from the deprecation transfer in the statement of comprehensive income in 2009, which was recognised in the accumulated losses in the financial statements, prepared before 1 January 2009. Prior year financial statements were not restated within the context of materiality.

NOTE 36 - EARNINGS PER SHARE

		1 January - 31 December 2009	1 January - 31 December 2008
Profit for the period	A	40,058,467	31,729,940
Weighted average number of shares (Note 27)	B	43,335,000	43,335,000
Earnings per share with a TL1 face value	**A/B**	**0.9244**	**0.7322**

There are no differences between basic and diluted earnings per share.

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2009 and 2008 are as follows:

i) Balances with related parties:

	31 December 2009	31 December 2008
a) Trade receivables from related parties- current:		
YBP	25,329,893	22,508,628
Yataş	993,130	813,791
	26,323,023	**23,322,419**
Less: Unearned finance income	(138,449)	(260,588)
	26,184,574	**23,061,831**

As of 31 December 2009 and 2008, the effective weighted average interest rates of short-term trade receivables from related parties for related currencies are as follows;

TL denominated trade receivables	6.84%	16.48%
USD denominated trade receivables	0.23%	1.02%
EUR denominated trade receivables	0.42%	2.52%

As of 31 December 2009 and 2008 original currency details of foreign currency denominated short-term trade receivables are as follows:

EUR denominated trade payables	363,760	366
USD denominated trade payables	23,948	330,704

Short-term trade receivables from related parties mature within one month (2008: two months).

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Aging analysis for trade receivables from related parties

The agings of trade receivables from related parties as of 31 December 2009 and 2008, over which no provision for impairment is provided, are as follows:

	31 December 2009	31 December 2008
Overdue	368,362	429,667
0-30 days	14,850,974	13,571,431
31-60 days	10,965,238	9,060,733
	26,184,574	**23,061,831**

The aging of overdue receivables from related parties as of 31 December 2009 and 2008 is as follows:

0-3 months	319,785	429,156
3-6 months	48,577	511
	368,362	**429,667**

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

Yaşar Holding	30,437,971	237,523
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya")	267,378	213,859
Viking Kağıt ve Selüloz A.Ş. ("Viking")	48,397	40,229
DYO A.Ş.	-	5,911
Other	-	55,367
	30,753,746	**552,889**

As of 31 December 2009, the Company has short-term receivables from Yaşar Holding amounting to TL30,035,598 (2008: TL188,441) which are non-trade and not consisting of loans transferred to related parties with the same conditions. The effective weighted average interest rate applied to those receivables is 0.83% (2008: 1.75%) per month. As of 31 December 2009, other receivables from Yaşar Holding amounting to TL402,374 (2008: TL49,082) consist of interest accruals of long-term TL loans obtained from various banks and financial institutions by the Company, and were transferred to related parties with the same conditions. The effective weighted average interest rate applied to such TL denominated long-term loans is 15.81% p.a. (2008: 26.85% p.a.). Other receivables of the Company from related parties consist of receivables related with overdue interest and bail commission charges for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

The agings of short-term non-trade receivables from related parties as of 31 December 2009 and 2008, over which no provision for impairment is provided, are as follows:

	31 December 2009	31 December 2008
Overdue	145,071	165,268
1 - 3 months	170,704	150,098
3 - 12 months	30,437,971	237,523
	30,753,746	**552,889**

The aging of overdue short-term non-trade receivables from related parties as of 31 December 2009 and 2008 is as follows:

0-3 months	800	165,268
3-6 months	144,271	-
	145,071	**165,268**

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

Yaşar Holding	**9,745,000**	**5,830,571**

The Company's long-term receivables from Yaşar Holding consist of TL loans obtained from financial institutions by the Company, and were transferred to related parties with the same terms and conditions. The effective weighted average interest rate of the loans is 15.81% p.a. (2008: 26.85% p.a.). The fair value of these long-term receivables is TL9,077,501 (2008: TL6,428,600) and interest rate used in the fair value calculation is 19.42% p.a. (2008: 24.58% p.a.).

Redemption schedule of non-current receivables from related parties is as follows:

2013	**9,745,000**	**5,830,571**

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

	31 December 2009	31 December 2008
d) Trade payables to related parties - current:		
Çamlı Yem	3,937,097	3,863,568
Yaşar Holding	1,294,422	-
HDF-FZCO	833,391	760,669
Yadex Export-Import und Spedition GmbH ("Yadex")	370,878	179,228
Hedef Ziraat Ticaret A.Ş.	292,332	3,546
Bintur	38,038	142,921
Pınar Su Sanayi ve Ticaret A.Ş. ("Pınar Su")	146	218,833
Other	39,071	21,111
	6,805,375	**5,189,876**
Less: Unincurred finance cost	(28,820)	(57,552)
	6,776,555	**5,132,324**

As of 31 December 2009 and 2008, the effective weighted average interest rates of the short-term trade payables to related parties for related currencies are as follows:

TL denominated trade payables	6.94%	16.53%
USD denominated trade payables	0.23%	0.77%
EUR denominated trade payables	0.41%	2.51%

As of 31 December 2009 and 2008 original currency details of foreign currency denominated short-term trade payables to related parties are as follows:

USD denominated trade payables	553,490	484,442
EUR denominated trade payables	171,678	83,720

Short-term trade payables to related parties mature within one month (2008: two months).

e) Non-trade payables to related parties - current:		
Dividend payables	73,215	77,990
Çamlı Yem	-	946,285
	73,215	**1,024,275**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

As of 31 December 2008, short-term non-trade payables to related parties included the principals and interest accruals of borrowings obtained by Çamlı Yem from various financial institutions, and transferred to the Company with the same terms and conditions, amounting to TL946,285. The effective weighted average interest rate of TL denominated payables was 26.85% p.a.

	31 December 2009	**31 December 2008**
f) Non-trade payables to related parties - non-current:		
Çamlı Yem	-	3,014,194

As of 31 December 2008, non-current payables to related parties amounting to TL3,014,194 was comprised of the principals of TL loans obtained from various banks by Çamlı Yem and transferred to the Company with the same conditions. The effective weighted average interest rate applied to long term loan was 26.85% p.a. These loans mature in 2013. The fair value of these long-term payables was TL3,323,353 and interest rate used in the fair value calculation was 24.58% p.a.

ii) Transactions with related parties:

	1 January - 31 December 2009	**1 January - 31 December 2008**
a) Product sales:		
YBP	236,507,327	233,944,240
Yataş	5,343,085	4,489,828
Çamlı Yem	2,615,927	2,996,769
Pınar Anadolu	2,271,035	2,498,750
Pınar Süt	29,702	39,812
Altın Yunus Çeşme Turistik Tesisler A.Ş. ("Altın Yunus")	18,156	-
	246,785,232	**243,969,399**

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

	1 January - 31 December 2009	**1 January - 31 December 2008**
b) Service sales:		
Çamlı Yem	51,959	26,370
Pınar Süt	21,801	14,781
YBP	7,234	13,234
Other	37,698	1,329
	118,692	**55,714**

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Notes to the Financial Statements at 31 December 2009 And 2008

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

	1 January - 31 December 2009	1 January - 31 December 2008
c) Finance income:		
Yaşar Holding	2,618,986	1,627,577
Dyo Boya	295,540	334,583
Viking	103,445	107,483
YBP	81,245	68,685
Çamlı Yem	74,514	67,554
Other	30,568	38,107
	3,204,298	**2,243,989**

The finance income includes bail commission charges amounting to TL1,587,480(2008: TL1,333,320), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company as further explained in Note 32 to the financial statements. The commission rates of bail and financing used in the associated intercompany charges is 0.75% p.a. per each (2008: 0.75% p.a. per each). The part of financial income includes interest income of borrowings obtained from various financial institutions and transferred to the related parties with the same terms and conditions and interest income of trade and non-trade receivables.

d) Dividends received:		
YBP	5,168,623	4,717,004
Çamlı Yem	1,029,959	842,034
Pınar Anadolu	442,694	599,392
	6,641,276	**6,158,430**
e) Other incomes from related parties:		
YBP	344,474	374,506
Çamlı Yem	323,257	295,924
Pınar Süt	13,012	22,002
Other	32,691	2,396
	713,434	**694,828**

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Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Other income from YBP is related to the rent of server, cars and building whereas other income from Çamlı Yem is related to the rent income of the building rented in the current period.

	1 January - 31 December 2009	1 January - 31 December 2008
f) Product purchases:		
Çamlı Yem	25,360,315	40,752,582
Yadex	2,154,944	2,517,954
Pınar Süt	994,188	385,278
Pınar Anadolu	848,879	1,435,203
Hedef Ziraat	742,503	684,634
Pınar Su	69,549	359,970
Other	126,496	143,691
	30,296,874	**46,279,312**
g) Service purchases:		
Yaşar Holding	4,105,805	3,052,455
YBP	1,259,632	1,361,055
HDF-FZCO	658,431	706,398
Bintur	98,606	157,996
Pınar Süt	24,570	259,168
Other	195,832	145,370
	6,342,876	**5,682,442**

Service purchases from YBP, which is 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:		
YBP	11,155	25,150
Çamlı Yem (*)	-	11,040,000
Yataş	-	40,000
	11,155	**11,105,150**

(*) Property, plant and equipment purchases from Çamlı Yem are comprised of land and building purchases.

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Notes to the Financial Statements at 31 December 2009 And 2008

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

i) Finance expenses:

	1 January - 31 December 2009	1 January - 31 December 2008
Çamlı Yem	250,539	1,071,243
Yaşar Holding	40,126	58,727
YBP	23,286	40,404
Pınar Süt	23,286	21,111
Other	69,857	63,332
	407,094	**1,254,817**

The finance expense mainly consists of interest costs and bail commission charges, which is related with the transferred loans and borrowings obtained by the Company from international capital markets and various financial institutions with the guarantee of Yaşar Group Companies (Notes 22 and 33). The commission rates of bail and financing used in the associated intercompany charges is 0.75% p.a. per each (2008: 0.75% p.a. per each).

	1 January - 31 December 2009	1 January - 31 December 2008
j) Other expenses from related parties:		
Pınar Süt	75,665	9,901
Pınar Anadolu	19,895	5,958
YBP	4,867	23,595
Other	41,224	435
	141,651	**39,889**
k) Dividends paid:		
Yaşar Holding	3,351,938	9,860,295
Pınar Süt	778,510	2,289,736
Other	2,056,752	6,050,669
	6,187,200	**18,200,700**
l) Donations:		
Yaşar University (Note 31. b)	**358,780**	**250,000**

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Notes to the Financial Statements at 31 December 2009 And 2008

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

m) Key management compensation:

Key management includes Chief Operations Officer, General Manager and members of Board of Directors. The compensation paid or payable to key management are shown below:

	1 January - 31 December 2009	1 January - 31 December 2008
Salaries	861,255	922,788
Bonus and profit-sharing (*)	1,555,000	500,000
Termination benefits	-	-
Benefits after employment	-	-
Other long-term benefits	13,417	18,791
	2,429,672	**1,441,579**

(*)As of 31 December 2008, a provision amounting to TL500,000 was recognised for bonus and profit-sharing of key management with respect to the profit of 2008, but it was decided by the General Assembly on 12 May 2009 that a provision amounting to TL1,000,000 for bonus and profit-sharing of key management would be paid with respect to the profit of 2008. The amount was paid in 2009 (Note 22) and additional provision amounting to TL500,000 was accounted for in the statement of comprehensive income for the year ended at 31 December 2009. The Company management accounted for a provision amounting to TL1,000,000 for distribution of the management bonus to the senior management with respect to the profit of 2009 as of 31 December 2009 (Note 22.a).

n) Bails given to related parties:

As of 31 December 2009, the Company jointly guarantees with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayi A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR281,289,000 (equivalent of TL607,668,627) (2008: EUR314 million equivalent of TL672,211,200) (Note 22).

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

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 Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in the domestic market are made to its investments in associate, YBP, and its exports are made to Yataş, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company management and necessary provisions for impairment is recognised. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders (Note 37.i.b). The credit risk analysis of the Company as of 31 December 2009 and 2008 are as follows:

31 December 2009	**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)	**26,184,574**	**12,857,429**	**30,753,746**	**3,494**	**2,237,695**	**-**
- The part of maximum credit risk covered with guarantees						-
A. Net book value of financial assets not due or not impaired (3)	25,816,212	12,344,929	30,608,675	3,494	2,237,695	-
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)	368,362	512,500	145,071	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	313,018	-	-	-	-
- Impairment amount (-)	-	(313,018)	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

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

31 December 2008	**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)	**23,061,831**	**15,494,606**	**552,889**	**413,812**	**5,442,604**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired (3)	22,632,164	14,851,519	387,621	413,812	5,442,604	-
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)	429,667	643,087	165,268	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	313,018	-	-	-	-
- Impairment amount (-)	-	(313,018)	-	-	-	-
- Collateral held as security and guarantees received	-		-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables of the Company mainly consist of receivables resulting from sales of meat and meat 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 2009	**Receivables**		
	Related parties	**Third parties**	**Total**
1-30 days overdue	275,207	486,428	761,635
1-3 months overdue	61,765	24,646	86,411
3-6 months overdue	176,461	-	176,461
Over 6 months overdue	-	1,426	1,426
The part of credit risk covered with guarantees	-	-	-
	513,433 (*)	**512,500 (**)**	**1,025,933**

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2008		**Receivables**	
	Related parties	**Third parties**	**Total**
1-30 days overdue	428,808	594,662	1,023,470
1-3 months overdue	165,616	14,667	180,283
3-6 months overdue	511	33,157	33,668
Over 6 months overdue	-	601	601
The part of credit risk covered with guarantees	-	-	-
	594,935	**643,087**	**1,238,022**

(*) A total amount of TL493,543 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 TL511,372 of the overdue but not impaired receivables from third parties has been collected as of the approval date of the financial statements.

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

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

		31 December 2009			
	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:					
Non-Derivative Financial Liabilities					
Bank borrowings	11,370,106	14,154,141	573,194	365,205	13,215,742
Leasing obligations	390	390	390	-	-
Trade payables	40,725,500	40,893,615	40,238,310	655,305	-
Other payables	86,261	86,261	86,261	-	-
	52,182,257	**55,134,407**	**40,898,155**	**1,020,510**	**13,215,742**
Derivative financial instruments					
Financial (assets)/ liabilities (Note 8)	**(840,864)**	**2,891,227**	**197,233**	**473,399**	**2,220,595**

(*) The Company management does not foresee any difficulty in redemption of its non-derivative financial liabilities, considering the operating cash flows and current assets of the Company.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

	31 December 2008				
	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:					
Non-Derivative Financial Liabilities					
Bank borrowings	19,670,190	25,570,089	6,974,853	3,166,658	15,428,578
Leasing obligations	981,823	1,034,694	-	1,034,280	414
Trade payables	25,381,536	25,381,536	25,381,536	-	-
Other payables	4,253,005	8,143,750	1,432,129	413,572	6,298,049
	50,286,554	**60,130,069**	**33,788,518 (*)**	**4,614,510**	**21,727,041**
Derivative financial instruments					
Financial (assets)/ liabilities (Note 8)	**(571,830)**	**6,409,331**	**734,010**	**742,076**	**4,933,245**

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 monitored. When necessary derivative financial instruments (swap contracts) are used as a tool to hedge foreign exchange risk.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

	Foreign Currency Position							
	31 December 2009				31 December 2008			
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	599,448	363,760	23,948	-	500,907	330,704	366	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	23,967	13,206	1,890	-	2,547	1,266	295	1
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	623,415	376,966	25,838	-	503,454	331,970	661	1
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)	**623,415**	**376,966**	**25,838**	**-**	**503,454**	**331,970**	**661**	**1**
10. Trade Payables	(3,308,021)	(557,740)	(759,993)	(826,419)	(1,253,046)	(485,452)	(223,785)	(39,818)
11. Financial Liabilities	(187,128)	-	(86,621)	-	(6,610,658)	-	(3,087,938)	-
12a. Monetary Other Liabilities	(12,046)	(8,000)	-	-	(213,537)	(141,200)	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**(3,507,195)**	**(565,740)**	**(846,614)**	**(826,419)**	**(8,077,241)**	**(626,652)**	**(3,311,723)**	**(39,818)**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(10,801,500)	-	(5,000,000)	-	(10,704,404)	-	(5,000,189)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (15+16+17)	**(10,801,500)**	**-**	**(5,000,000)**	**-**	**(10,704,404)**	**-**	**(5,000,189)**	**-**
18. Total Liabilities (13+17)	**(14,308,695)**	**(565,740)**	**(5,846,614)**	**(826,419)**	**(18,781,645)**	**(626,652)**	**(8,311,912)**	**(39,818)**
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)	**(13,685,280)**	**(188,774)**	**(5,820,776)**	**(826,419)**	**(18,278,191)**	**(294,682)**	**(8,311,251)**	**(39,817)**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(13,685,280)**	**(188,774)**	**(5,820,776)**	**(826,419)**	**(18,278,191)**	**(294,682)**	**(8,311,251)**	**(39,817)**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**10,988,238**	**-**	**5,086,441**	**-**	**11,014,444**	**-**	**5,145,013**	**-**
23. Export	**5,231,895**	**3,474,726**	**-**	**-**	**4,522,416**	**3,498,914**	**-**	**-**
24. Import	**7,170,317**	**4,762,115**	**-**	**-**	**12,448,540**	**10,101,370**	**-**	**-**

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2009	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	(28,424)	28,424	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**(28,424)**	**28,424**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(1,257,462)	1,257,462	-	-
5- The part hedged for EUR risk (-)	948,113	(948,113)	-	-
6- EUR Effect - net (4+5)	**(309,349)**	**309,349**	**-**	**-**
Change of other currencies by average 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	(82,642)	82,642	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**(82,642)**	**82,642**	**-**	**-**
TOTAL (3+6+9)	**(420,415)**	**420,415**	**-**	**-**

31 December 2008	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 20% against TL:				
1- Asset/Liability denominated in USD - net	(89,130)	89,130	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**(89,130)**	**89,130**	**-**	**-**
Change of EUR by 20% against TL:				
4- Asset/Liability denominated in EUR - net	(3,558,545)	3,558,545	-	-
5- The part hedged for EUR risk (-)	2,202,889	(2,202,889)	-	-
6- EUR Effect - net (4+5)	**(1,355,656)**	**1,355,656**	**-**	**-**
Change of other currencies by average 20% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	(7,963)	7,963	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**(7,963)**	**7,963**	**-**	**-**
TOTAL (3+6+9)	**(1,452,749)**	**1,452,749**	**-**	**-**

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

ii) Interest rate risk

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

	Interest Rate Position	
	31 December 2009	**31 December 2008**
Financial instruments with fixed interest rate		
Financial assets	81,731,374	50,723,840
Financial liabilities	41,194,019	30,953,116
Financial instruments with floating interest rate		
Financial assets	-	-
Financial liabilities	10,147,374	18,761,608

According to the interest rate sensitivity analysis performed as at 31 December 2009, if interest rates had been 1% higher while all other variables being constant, net income for the year would be TL25,445 lower (2008: income for the current year would be TL27,899 lower) as a result of additional interest expense that would be incurred on financial instruments with floating rates (Note 8).

iii) Price risk

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

d) Capital Risk Management:

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

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

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

	31 December 2009	**31 December 2008**
Financial liabilities	11,370,496	20,652,013
Derivative financial assets	(840,864)	(571,830)
Trade payables	40,725,500	25,381,536
Other payables	86,261	4,253,005
Less: Cash and cash equivalents (Note 6)	(2,266,855)	(5,452,707)
Net debt	49,074,538	44,262,017
Total equity	270,385,966	236,097,859
Debt/equity ratio	**18%**	**19%**

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2009 And 2008

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

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

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

Classification of financial assets

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

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

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

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

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at cost, 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 8.

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

NOTE 40 - SUBSEQUENT EVENTS

None (2008: None).

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

None (2008: None).

NOTE 42 - EXPLANATION FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2009, CMB Financial Reporting Standards differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

Pınar Entegre Et ve Un Sanayii A.Ş.

Information for Investors

Stock Exchange
Pınar Entegre Et ve Un Sanayii A.Ş. shares are traded on the National-100 market of the İstanbul Stock Exchange (ISE) under the symbol "PETUN.IS".

Initial public offering date: 03 February 1986

Annual General Assembly Meeting
Pursuant to a resolution passed by the Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş., the company's annual General Assembly meeting for 2009 will take place on 12 May 2010 at 14:30 hours at the following address: Ankara Asfaltı 25. Km Kemalpaşa-İzmir.

Dividend Policy
Pınar Entegre Et ve Un Sanayii A.Ş.'s general policy concerning the distribution of its profits has been publicly disclosed and is accessible in the Turkish and English languages from the "Investor Relations" page of the company's corporate website located at www.pinar.com.tr.

Investor Relations
Pınar Entegre Et ve Un Sanayii A.Ş.
Investor Relations Department
Şehit Fethi Bey Caddesi No: 120 35210 İzmir
Tel : (90 232) 482 22 00
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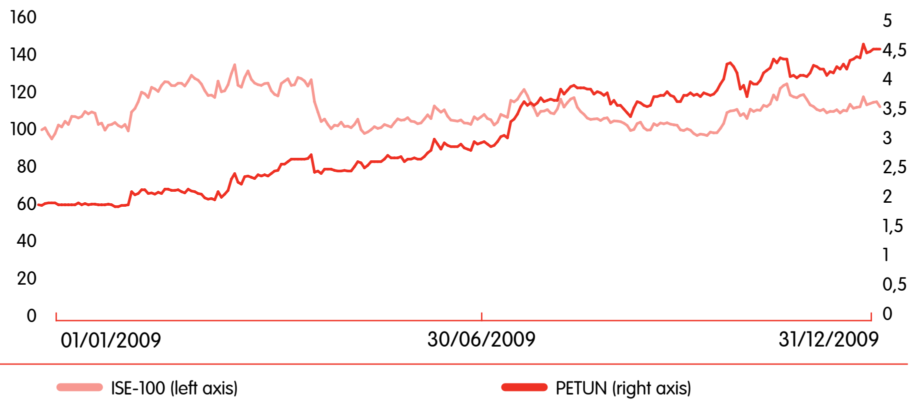
E-mail: yatirimci@pinaret.com.tr

Pınar Et Share Performance in 2009 (in comparison with the ISE 100 Index)



* Adjusted share prices

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