Pınar Entegre Et ve Un Sanayii A.Ş.
Independent Auditor's Report

(Convenience translation into English of financial statements originally issued in Turkish)

To the board of Directors of Pınar Entegre Et ve Un Sanayii Anonim Şirketi

We have audited the accompanying financial statements of Pınar Entegre Et ve Un Sanayii Anonim Şirketi (the "Company"), which comprise the statement of financial position as at December 31, 2010 and the statements of comprehensive income, changes in equity and 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards accepted 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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pınar Entegre Et ve Un Sanayii A.Ş. as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the Turkish Capital Market Board.

Emphasis of matters

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.

Other matter

The financial statements of Pınar Entegre Et ve Un Sanayii Anonim Şirketi prepared in accordance with the financial reporting standards accepted by the Turkish Capital Market Board as of December 31, 2009 had been audited by another audit firm whose independent auditors' report thereon dated April 8, 2010 expressed an unqualified opinion.

Additional paragraph for convenience translation to English:

As at December 31, 2010, the accounting principles described in Note 2 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also some additional disclosures required by the CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Zeynep Okuyan Gökyılmaz, SMMM

Partner

April 6, 2011

İstanbul, Türkiye

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Balance Sheets at December 31, 2010

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

	Notes	December 31, 2010	December 31, 2009
Assets			
Current assets		**102.792.145**	93.746.656
Cash and cash equivalents	6	**1.754.607**	2.266.855
Derivative financial instruments	7b	**293.750**	840.864
Trade receivables		**31.227.574**	39.042.003
- Due from related parties	37ia	**23.692.348**	26.184.574
- Other trade receivables	10a	**7.535.226**	12.857.429
Other receivables		**24.695.956**	30.757.240
- Due from related parties	37ib	**23.159.362**	30.753.746
- Other receivables	11a	**1.536.594**	3.494
Inventories	13	**41.344.661**	18.934.614
Other current assets	26a	**3.475.597**	1.905.080
Non-current assets		**250.983.619**	248.710.049
Other receivables		**9.745.131**	9.745.131
- Due from related parties	8, 37ic	**9.745.000**	9.745.000
- Other receivables	11b	**131**	131
Available-for-sale investments	7a	**519.786**	432.083
Investments in associates accounted for using equity method	16	**106.839.645**	100.088.827
Property, plant and equipment	18	**133.182.775**	138.436.308
Intangible assets	19	**56.505**	7.700
Other non-current assets	26b	**639.777**	-
Total assets		**353.775.764**	342.456.705

The accompanying notes on pages 51 to 103 are an integral part of these financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at December 31, 2010

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

	Notes	December 31, 2010	December 31, 2009
Liabilities			
Current liabilities		**46.280.281**	45.938.983
Financial liabilities		**638.691**	568.996
- Current leasing obligations	38	**-**	390
- Other financial liabilities	8	**638.691**	568.606
Trade payables		**40.020.120**	40.725.500
- Due to related parties	37id	**9.251.579**	6.776.555
- Other trade payables	10b	**30.768.541**	33.948.945
Other payables		**865.608**	86.261
- Due to related parties	37ie	**853.240**	73.215
- Other payables	11c	**12.368**	13.046
Current income tax liabilities	35	**2.043.543**	1.743.130
Provisions	22a	**1.007.474**	1.108.977
Other current liabilities	26c	**1.704.845**	1.706.119
Non-current liabilities		**26.273.539**	26.131.756
Financial liabilities	8	**10.245.500**	10.801.500
Provisions	22b	**182.240**	137.514
Provision for employment termination benefits	24	**6.335.054**	4.956.437
Deferred income tax liabilities	35	**9.510.745**	10.236.305
Total liabilities		**72.553.820**	72.070.739
Equity		**281.221.944**	270.385.966
Share capital	27	**43.335.000**	43.335.000
Adjustment to share capital	27	**37.059.553**	37.059.553
Reserves		**78.867.999**	79.864.389
- Revaluation reserves	18	**73.292.549**	77.326.510
- Fair value reserves of available-for-sale investments	7a	**123.518**	53.356
- Fair value reserves of investments-in associates		**5.451.932**	2.484.523
Currency translation reserve		**(166.029)**	(67.255)
Restricted reserves		**15.063.386**	10.135.698
Retained earnings		**67.530.304**	60.000.114
Profit for the year	36	**39.531.731**	40.058.467
Total liabilities and equity		**353.775.764**	342.456.705

The accompanying notes on pages 51 to 103 are an integral part of these financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.

Statement of Comprehensive Income for the Year Ended at December 31, 2010

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

	Notes	January 1- December 31, 2010	January 1- December 31, 2009
Revenue	28	**352.800.724**	307.801.377
Cost of sales	28	**(292.876.201)**	(243.053.426)
Gross profit	28	**59.924.523**	64.747.951
Research and development expenses	29a	**(873.614)**	(768.862)
Marketing, selling and distribution expenses	29b	**(14.782.884)**	(17.662.221)
General administrative expenses	29c	**(13.762.329)**	(12.987.257)
Other operating income	31a	**1.306.184**	1.016.173
Other operating expenses	31b	**(1.051.056)**	(1.957.359)
Operating profit		**30.760.824**	32.388.425
Share of results of investment-in-associates-net	16	**12.521.816**	11.989.160
Finance income	32	**6.280.197**	7.480.461
Finance expense	33	**(2.631.950)**	(4.212.186)
Profit before taxation on income		**46.930.887**	47.645.860
Income tax expense		**(7.399.156)**	(7.587.393)
- Taxes on income	35	**(8.142.257)**	(8.330.264)
- Deferred tax income	35	**743.101**	742.871
Profit for the year		**39.531.731**	40.058.467
Other comprehensive income:			
Fair value reserve decrease in available-for-sale investments- net	7	**70.162**	(335.196)
Currency translation differences	2 - 16	**(98.774)**	(108.038)
Fair value reserve increase/(decrease) in investment-in-associates- net	16	**2.967.409**	860.074
Other comprehensive income for the year, net of tax		**2.938.797**	416.840
Total comprehensive income for the year		**42.470.528**	40.475.307
Earnings per share	36	**0,9122**	0,9244

The accompanying notes on pages 51 to 103 are an integral part of these financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Changes in Equity for the Years Ended at December 31, 2010 and 2009

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

	Share capital	Adjustment to share capital	Revaluation reserves	Revaluation reserves of investments in associates	Fair value reserves of available-for- sale investments	Fair value reserves of investments in-associates (*)	Currency translation reserves	Restricted reserves	Retained earnings	Profit for the year	Total equity
January 1, 2010	**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**
Transfer of prior year income to retained earnings	-	-	-	-	-	-	-	-	40.058.467	(40.058.467)	-
Legal reserves	-	-	-	-	-	-	-	4.927.688	(4.927.688)	-	-
Dividends paid (Notes 27 and 37.ii. h)	-	-	-	-	-	-	-	-	(31.634.550)	-	(31.634.550)
Increase in fair value reserves of investments- in associates-net (Note 16)	-	-	-	-	-	2.967.409	-	-	-	-	2.967.409
Depreciation transfer of investments in associates-net (Note 18)	-	-	(1.629.217)	-	-	-	-	-	1.629.217	-	-
Increase in fair value reserves of available-for-sale investments (Note 7.a)	-	-	-	-	87.703	-	-	-	-	-	87.703
Deferred tax calculated on the basis of fair value reserves of available-for-sale investments (Notes 7.a)	-	-	-	-	(17.541)	-	-	-	-	-	(17.541)
Currency translation reserves (Note 16)	-	-	-	-	-	-	(98.774)	-	-	-	(98.774)
Profit for the year	-	-	-	-	-	-	-	-	-	39.531.731	39.531.731
Depreciation transfer – net (Note 18)	-	-	(2.404.744)	-	-	-	-	-	2.404.744	-	-
December 31, 2010	**43.335.000**	**37.059.553**	**73.292.549**	**-**	**123.518**	**5.451.932**	**(166.029)**	**15.063.386**	**67.530.304**	**39.531.731**	**281.221.944**

(*) The fair value reserves of investments-in associates valued with equity method.

	Share capital	Adjustment to share capital	Revaluation reserves	Revaluation reserves of investments in associates	Fair value reserves of available for- sale investments	Fair value reserves of investments- in-associates (*)	Currency translation reserves	Restricted reserves	Retained earnings	Profit for the year	Total equity
January 1, 2009	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 (Note 37.ii. h)	-	-	-	-	-	-	-	-	(6.187.200)	-	(6.187.200)
Increase in fair value reserves of investments-in-associates-net (Note 16)	-	-	-	-	-	860.074	-	-	-	-	860.074
Depreciation transfer of investments-in-associates - net (Note 18)	-	-	(237.125)	-	-	-	-	-	237.125	-	-
Increase in fair value reserves of available-for-sale investments (Note 7.a)	-	-	-	-	(418.995)	-	-	-	-	-	(418.995)
Deferred tax calculated on the basis of fair value reserves of available-for-sale investments (Note 7.a)	-	-	-	-	83.799	-	-	-	-	-	83.799
Currency translation reserves (Note 16)	-	-	-	-	-	-	(108.038)	-	-	-	(108.038)
Profit for the year	-	-	-	-	-	-	-	-	-	40.058.467	40.058.467
Depreciation transfer – net (Note 18)	-	-	(2.261.615)	-	-	-	-	-	2.261.615	-	-
December 31, 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 fair value reserves of investments-in associates valued with equity method.

The accompanying notes on pages 51 to 103 are an integral part of these financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.
Statements of Cash Flow for the Year Ended at December 31, 2010
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	January 1 - December 31, 2010	January 1 - December 31, 2009
Cash flows from operating activities:			
Profit before taxation on income		**46.930.887**	47.645.860
Adjustments to reconcile profit before taxation on income to net cash generated from operating activities			
Operating activities:			
Depreciation and amortisation	18-19	**7.863.967**	7.646.484
Interest income	32	**(4.795.335)**	(4.341.068)
Interest expense	33	**1.719.995**	2.508.096
Provision for employment termination benefits	24	**1.789.821**	1.237.400
Share of results of investments-in-associates- net	16	**(12.521.816)**	(11.989.160)
Inventory profit elimination	16	**30.237**	6.843
Seniority incentive bonus		**500.000**	1.000.000
Gain from sales of property, plant and equipment	31a	**(119.787)**	(45.590)
		41.397.969	43.668.865
Changes in assets and liabilities:			
Decrease in trade receivables	10	**5.322.203**	2.637.177
Increase in inventory	13	**(22.410.047)**	(916.176)
Increase in due from related parties	37	**2.492.226**	(3.122.743)
(Increase)/decrease in other short and long term receivables and other current and non-current assets	11-26	**(3.743.394)**	(443.664)
(Decrease)/increase in trade payable	10	**(3.180.404)**	13.699.733
Increase in due to related parties	37	**2.475.024**	1.644.231
(Decrease)/increase in other short and long-term payables, provisions and other liabilities	22-26	**(558.729)**	(5.116.547)
Employment termination benefit paid	24	**(411.204)**	(446.483)
Taxes paid	35	**(7.841.844)**	(7.874.808)
Net cash generated from operating activities		**13.541.800**	43.729.585
Investing activities:			
Interest received		**4.812.621**	2.180.078
Increase in non-trade due from related parties	37	**7.577.098**	(31.954.296)
Purchases of property, plant and equipment and intangible assets	18-19	**(2.670.957)**	(1.617.749)
Proceeds from sales of property, plant and equipment and intangible assets		**131.505**	46.355
Dividends received	16	**8.609.396**	6.641.276
Net cash provided by/used in investing activities		**18.459.663**	(24.704.336)
Financing activities:			
Redemption of finance lease obligations		**78.095**	(9.255.310)
Dividends paid to the shareholders	37.ii. h	**(31.634.550)**	(6.187.200)
(Decrease)/increase in non-trade payables to related parties	37	**780.025**	(3.018.970)
Interest paid		**(1.737.281)**	(3.749.621)
Net cash used in financing activities		**(32.513.711)**	(22.211.101)
Net decrease in cash and cash equivalents		**(512.248)**	(3.185.852)
Cash and cash equivalents at 1 January	6	**2.266.855**	5.452.707
Cash and cash equivalents at 31 December	6	**1.754.607**	2.266.855

The accompanying notes on pages 51 to 103 are an integral part of these financial statements.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

1. Organization and nature of operations

Pınar Entegre Et ve Un Sanayii 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% (2009: 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 (2009: 54%) (Note 27).

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

Ankara Asfaltı 25. Km,
Kemalpaşa
İzmir

2. Basis of preparation of financial statements

2.1 Basis of presentation of financial statements

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. 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.

Other than land, buildings and land improvements, machinery and equipments, investment properties and financial assets and liabilities carried at their fair values, financial statements are prepared based on historical cost convention and in terms of Turkish Lira ("TL") which is the functional and reporting currency of the Company.

The financial statements and the disclosures have been prepared using the compulsory standard formats as published by Communiqué on April 9, 2008 declared by the CMB. The financial statements have been approved for issue by the management of the Company on April 6, 2011. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the statutory financial statements and these consolidated financial statements.

Comparative information and classifications on the prior period financial statements

For the purpose of comparability, certain reclassifications were made on 2009 financial statements. The financial income in 2009 amounting to TL 97.500 in the 'foreign exchange gains arising from the swap operation 'account, have been classified to foreign exchange loss account under financial expenses. Furthermore, derivative financial liabilities amounting to TL 215.636 classified under current liabilities and derivative financial assets amounting to TL 1.056.500 classified under non-current assets have been classified as derivative financial instruments under current assets.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

For the period ended December 31, 2009 included in the sales revenues amounting to TL 69.854, the Undersecretaries of Foreign Trade Turquality project revenue have been netted against selling and marketing costs. In addition, un-incurred financial expense from credit sales classified under financial income as at December 31, 2009 amounting to TL 244.701 have been re-classified under financial expenses.

Furthermore, in order to be comparative with 2010, certain changes have been made in statements of changes in equity and statements of cash flow.

Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements as at December 31, 2010 are consistent with those followed in the preparation of the financial statements of the prior year and for the year ended December 31, 2009, except for the adoption of new standards summarized below and IFRIC interpretations. The effects of these standards and interpretations on the Company's financial position and performance, if any, have been disclosed in the related paragraphs.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2010:

• IFRIC 17 Distributions of Non-cash Assets to Owners

• IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items

• IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)

• IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

• Improvements to IFRSs (May 2008) All amendments issued are effective as at December 31, 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively.

• Improvements to IFRSs (April 2009)

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Company.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

Amendments resulting from improvements to IFRSs (April 2009) to the following standards which had or did not have an effect on the accounting policies, financial position or performance of the Company:

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The new and amended IFRS and IFRIC interpretations effective for the financial periods beginning after December 31, 2010:

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Company does not expect that this amendment will have any impact on the financial statements of the Company.

IFRIC 14 (Amended) "Prepayments of a Minimum Funding Requirement", is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. The Company does not expect that this amendment will have any impact on the financial statements of the Company.

IFRS 9 "Financial Instruments – Phase 1 financial assets, classification and measurement", is effective for annual periods beginning on or after January 1, 2013. Phase 1 of IFRS 9 Financial Instruments introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have any impact on the financial statements of the Company.

IAS 32 (Amended) "Classification on Rights Issues", is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Company does not expect that this amendment will have any impact on the financial statements of the Company.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

IAS 24 (Revised) "Related Party Disclosures", is effective for annual periods beginning on or after January 1, 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Company does not expect that this amendment will have an impact on the financial statements of the Company.

IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for the first time adopters (Amended)

The amendment is effective for annual periods beginning on or after 1 July 2010. This amendment was issued on 28 January 2010 and exempts first-time adopters of IFRSs from providing the additional disclosures introduced by IFRS 7 on 5 March 2009. The Group does not expect that this amendment will have an impact on the financial position or performance of the Company.

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2010. Early application is permitted in all cases.

- **IFRS 1 First-time adoption,** effective for annual periods beginning on or after January 1, 2011
- **IFRS 3 Business Combinations,** effective for annual periods beginning on or after 1 July 2010
- **IFRS 7 Financial Instruments:** Disclosures, effective for annual periods beginning on or after January 1, 2011.
- **IAS 1 Presentation of Financial Statements,** effective for annual periods beginning on or after January 1, 2011.
- **IAS 27 Consolidated and Separate Financial Statements,** effective for annual periods beginning on or after 1 July 2010.
- **IAS 34 Interim Financial Reporting,** effective for annual periods beginning on or after January 1, 2011.
- **IFRIC 13 Customer Loyalty Programmes,** effective for annual periods beginning on or after January 1, 2011.

IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)

The amendment is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

IAS 12 Income Taxes-Deferred Taxation: Recovery of Main assets (Amendment)

The amendments are mandatory for annual periods beginning on or after January 1, 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

Basis of consolidation

The Company does not have any subsidiary to be consolidated in the financial statements. The investments in associates are accounted for using the equity method. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence but not control. 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 of the associated undertakings, 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 the statement of changes in equity and the statement of comprehensive income.

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

The table below sets out the associates and the proportion of ownership interest as of December 31, 2010 and 2009 (Note 16):

	Shareholding (%)	
Investments-in-associates	**2010**	2009
Pınar Foods GmbH ("Pınar Foods")	**44,94**	44,94
YBP	**38,26**	38,26
Desa Enerji Elektrik Üretimi Otoprodüktör Grubu ("Desa Enerji")	**26,41**	26,41
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	**23,38**	23,38
Pınar Anadolu Gıda Sanayi ve Ticaret A.Ş. ("Pınar Anadolu")	**20,00**	20,00

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 comprehensive income.

ii) Translation of financial statements of foreign associate

Financial statements of associate operating in Germany (Pınar Foods) are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date.

The income and expenses of foreign associate are translated into TL at the average foreign exchange rates. As of December 31, 2010, equivalent of 1 Euro is 2,0491 TL (2009: 2,1603 TL) and for the year then ended the average equivalent of 1 Euro 1,9894 TL is (2009: 2,1508 TL). Exchange differences arising from re-translation of the opening net assets of investments-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

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Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Significant accounting estimates and judgments

The preparation of financial statements in accordance with the CMB Accounting Standards require the Company management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. Significant accounting policies 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 and recognises tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realisation of the related tax benefit through the future taxable profits is probable. 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 tax provisions in the period in which such determination is made.

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

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

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

At December 31, 2008 land and land improvements, buildings, machinery and equipment were stated at fair value, based on valuations as of the same date. The fair value changes in land and land improvements, buildings, machinery and equipment are estimated to be insignificant in 2010 since the carrying amounts of the land and land improvements, buildings, machinery and equipment at December 31, 2010 do not significantly differ from their fair values as of the same date considering market and technologic conditions, actual depreciation in 2009 and 2010, commercial attributes and industrial positions as well as demounting and assembling costs.

The revaluation techniques used in fair value determination of land and land improvements, buildings, machinery and equipment as at December 31, 2008, consist of several assumptions, which are based on the management's best estimates:

- As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach.

- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m^2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

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

2. Basis of preparation of financial statements (continued)

- 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.

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

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.

d) Employee termination benefits:

The liability of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details about the assumptions used are given in Note 24.

e) Economic lives of property, plant and equipment and intangible assets:

The Company's management has made certain important assumptions based on experiences of their technical personnel in determining useful economic life of the tangible and intangible assets (Note 18-19).

Summary of significant accounting policies

The significant accounting policies applied in the preparation of financial statements is summarized as follows:

Revenue

Sale of goods

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. The amount of the provision for trade 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. Interest income on loans is recognised using the effective interest rate.

Rent income

Rent income is recognized on an accrual basis.

Dividend income

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, checks and short-term deposits having maturity of less than 3 months.

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

2. Basis of preparation of financial statements (continued)

Inventories

Inventories of the Company include raw materials, work-in-progress and finished goods, spare parts, packaging materials and other 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 and 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.

Property, plant and equipment

Property, plant and equipment, except for land, land improvements, buildings and machinery and equipment, are carried at cost less accumulated depreciation. Land, land improvements, buildings and machinery and equipment are stated at their revalued amounts, based on valuations, which are estimated to approximate the fair values as of December 31, 2010.

All other items of property, plant and equipment other than land, land improvements, building and machinery and equipment acquired before January 1, 2005 are carried at cost in the equivalent purchasing power of TL as at December 31, 2004 and items acquired after January 1, 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any.

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 retained earnings to the revaluation reserves.

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 (Note 26.b).

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 recognise as separate asset, are depreciated based on their useful lives.

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Notes to the Financial Statements at December 31, 2010 and 2009

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

2. Basis of preparation of financial statements (continued)

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 equipments are as follows:

	Years
Buildings and land improvements	15-50
Machinery and equipments	5-30
Motor vehicles (including leased motor vehicles)	5
Furniture and fixtures	5-10

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.

Intangible assets

Intangible assets comprise acquired rights, information systems and software. Intangible assets acquired before January 1, 2005 are carried at cost in the equivalent purchasing power of TL as at December 31, 2004 and items acquired after January 1, 2005 are carried at cost, less accumulated amortisation and impairment losses, if any. They 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 (Note 19).

Impairment of assets

At each reporting date, the Company assesses whether there is an impairment indication for the property, plant and equipment and intangible assets. 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 (Note 18). If the impaired fixed assets have been re-evaluated, the impairment will be deducted from the prior year's revaluation reserves and the remaining part will be associated to comprehensive income statement. (Note 31.b)

The recoverable amount of the fixed asset which are not ready to use is estimated at each reporting date. If the book value of the stated asset or the book value of any cash generating unit of the stated asset is higher than the amount, which will be gained by usage or sale; impairment is occurred. Impairment losses are accounted in comprehensive income statement. The impairment losses is accounted in the comprehensive income statement.

Financial assets

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

a) Loans and receivables

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

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2. Basis of preparation of financial statements (continued)

Company welded trade receivables, which are composed of direct supply of goods or service to a debtor, are recorded with their invoiced costs and in the following periods the related receivables are evaluated by deducting the provision for impairment (if any) from their discounted costs found by employing effective interest method. Short-term trade receivables, with no emphasized interest rate, are evaluated with invoiced amounts, in the case of effective interest rate effect's immateriality.

b) Available-for-sale financial assets

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 January 1, 2005 are carried at cost expressed in purchasing power of TL as at December 31, 2004 and available-for-sale investments acquired after January 1, 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.

Derivative financial instruments

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

The Company identifies the derivative instruments, at the inception date of the related derivative contract to avoid the changes in the fair value of derivatives that are designated and qualify as fair value hedges that 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.

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2. Basis of preparation of financial statements (continued)

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 (Note 8).

Trade payables

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

Long-term debts, which are recorded with their values left after deducting the transaction costs from the purchase price of fixed assets, are recognized with their discounted cost by employing effective interest method. (Note 10.c)

Accounting of financial assets and liabilities

Since the financial instrument agreements are signed, the Company reflects to the balance sheet the related financial assets or liabilities. The Company effaces a part or the totality of the financial assets only when the rights over the related financial assets are expired according to the agreements. The financial liabilities can only be deleted if the obligations defined in the agreements have been removed, cancelled or become barred.

Financial asset purchases and sales are recording at the transaction dates, namely when the Company stipulates the related purchase or sale.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

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2. Basis of preparation of financial statements (continued)

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", if there is an indication of impairment in investment in associates, the carrying amount of the investments is tested in accordance with IAS 36, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount and any additional impairment loss is recognised, if any.

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

- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as a default or delinquency in interest or principal payments;

- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets.

Provisions, contingent liabilities and contingent assets

i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the time value of money is material, then the provision is discounted using the pretax discount rates. When discounting is used, the increase is reflected as financial expense.

ii) Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements but they are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Related parties

Parties are considered related to the Company if;

(a) directly or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Company that gives it significant influence over the Company; or

(iii) has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venturer;

(d) the party is member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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2. Basis of preparation of financial statements (continued)

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

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).

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. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the lower of useful life or the lease period of the asset (Note 18).

Operating leases

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

(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.

Government grants and incentive

Government subsidies are recognised as income in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis (Note 21).

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.

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.

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).

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2. Basis of preparation of financial statements (continued)

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.

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. Non adjusting subsequent events are disclosed in the notes to the extent that they impact the economic decisions of the readers of the financial statements.

Business combinations

If the parties involved for the transaction are the entities under common control, here between the Company and Yaşar Group Companies, the provisions stated in IFRS 3 are not applicable for the transaction, and accordingly goodwill or negative goodwill are not accounted for. The difference between the purchase consideration and the fair value of the net asset acquired was accounted for under equity as "Distribution to shareholders".

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.

Income taxes

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred taxes of income and expenses booked in equity have been also carried in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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Notes to the Financial Statements at December 31, 2010 and 2009

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2. Basis of preparation of financial statements (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provision for termination indemnities/Defined benefit plans

a) Defined benefit plans:

In accordance with existing social legislation, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the accompanying financial statements, the Company has reflected a liability calculated using "Projected Unit Credit Method" and based upon factors derived using the Company's experience of personnel terminating their services and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds (Note 24).

b) Defined contribution plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due (note 24).

c) Seniority incentive bonus

The Company has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. Seniority incentive bonus provision represents the present value at the date of the balance sheet of the estimated total reserve of the probable future obligations (Notes 22.a and 22.b).

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 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.

3. Business combinations

None (2009: None).

4. Joint ventures

None (2009: None).

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.

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6. Cash and cash equivalents

	December 31, 2010	December 31, 2009
Cash in hand	**25.522**	29.160
Banks	**1.729.085**	2.237.695
- Time deposits	**1.300.000**	2.187.000
- Demand deposits	**429.085**	50.695
	1.754.607	2.266.855

As of December 31, 2010, time deposits amounting to 1.300.000 TL (2009: 2.187.000 TL) mature in less than one month (2009: less than one month) and bear the effective weighted average interest rates of 8,25% per annum ("p.a.") (2009: 6,90%).

7. Financial assets

a) Available-for-sale investments:

	December 31, 2010		December 31, 2009	
	TL	**%**	TL	%
Yataş	**459.780**	**1,76**	369.691	1,76
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	**60.006**	**1,33**	62.392	1,33
	519.786		432.083	

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 December 31, 2010 and 2009, the discount and growth rates used in discounted cash flow models are as follows:

	Discount rate		**Growth rate**	
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009
Bintur	**11,70%**	15,60%	**1%**	1%
Yataş	**9,68%**	11,37%	**0%**	0%

The movements of available-for-sale investments in January 1, – December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
January 1	**432.083**	851.078
Fair value gain/(loss):		
Yataş	**90.089**	(397.653)
Bintur	**(2.386)**	(21.342)
December 31	**519.786**	432.083

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7. Financial assets (continued)

The movements of fair value reserve of available-for-sale investments in January 1- December 31, 2010 and 2009 were as follows:

	December 31, 2010	December 31, 2009
January 1	**53.356**	388.552
Increase in fair value - net	**87.703**	(418.995)
Deferred income tax effect on fair value reserve of available-for-sale investments (Note 35)	**(17.541)**	83.799
December 31	**123.518**	53.356

b) Other financial assets:

As of December 31, 2010, other financial assets amounting to TL 293.750 (2009: TL 840.864) consist of receivables from derivative financial instruments, and have been disclosed in Note 8.

8. Financial liabilities and other financial liabilities

	Effective weighted average interest rate p.a. %		**Original currency**		**TL equivalent**	
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009
Short-term bank borrowings:						
TL borrowings (*)	**-**	-	**460.351**	381.868	**460.351**	381.868
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings (**)	**6,74**	6,62	**87.033**	86.441	**178.340**	186.738
Total short-term bank borrowings					**638.691**	568.606
Derivative liabilities:						
Cross currency swaps	-	-	-	-	**(293.750)**	(840.864)
Total financial derivatives					**344.941**	(272.258)
Long-term bank borrowings:						
EUR borrowings (**)	**6,74**	6,62	**5.000.000**	5.000.000	**10.245.500**	10.801.500
Total long-term bank borrowings					**10.245.500**	10.801.500

(*) TL denominated short-term bank borrowings are comprised of spot bank borrowings without interest charge that is amounting to TL 460.351 (2009: TL 381.868) as of December 31, 2010.

(**) As of December 31, 2010, EUR denominated long-term bank borrowings consist of with semi-annually floating interest rates at Euribor +5,60% p.a. (2009: semi-annually floating interest rates at Euribor +5,60% p.a.).

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8. Financial liabilities and other 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 EUR 5.000.000 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 EUR 5.000.000, 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 EUR 5.000.000 with the interest rate of Euribor + 5,60% p.a., with a currency swap amounting to TL 9.745.000, 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). (2009: TL 9.745.000).

With respect to the scope of the loan agreement signed with Morgan Stanley International Limited regarding borrowing amounting to EUR 5.000.000; 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 December 31, 2010, 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 December 31, 2010 and 2009 is as follows:

	December 31, 2010	December 31, 2009
2013	**10.245.500**	10.801.500
	10.245.500	10.801.500

There is no financial lease obligations available as of December 31, 2010 (2009: TL 390).

9. Other financial liabilities:

None (2009: None).

10. Trade receivables and payables

a) Short-term trade receivables

	December 31, 2010	December 31, 2009
Customer current accounts	**5.230.965**	7.477.689
Cheques and notes receivable	**2.660.125**	5.767.009
	7.891.090	13.244.698
Less: Provision for impairment of receivables	**(303.499)**	(313.018)
Unearned finance income	**(52.365)**	(74.251)
	7.535.226	12.857.429

Customer current accounts and notes receivable are all short term and mature within one month and two months, respectively (2009: one month and two months). The effective weighted average interest rate on trade receivables is 6,71% p.a. as of December 31, 2010 (2009: 6,84% p.a.).

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10. Trade receivables and payables (continued)

The aging analysis of overdue trade receivables as of December 31, 2010 and 2009 are as follows:

		Overdue receivables without provision for doubtful receivables				
	Not due	1 – 30 days	1-3 months	3-12 months	1-5 years	Total
December 31, 2010	**7.398.985**	**136.241**	**-**	**-**	**-**	**7.535.226**
December 31, 2009	12.344.929	511.074	-	1.426	-	12.857.429

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

	2010	2009
January 1	**(313.018)**	(313.018)
Collections (Note 31.a)	**1.780**	-
Charge to the statement of comprehensive income	**7.739**	-
December 31	**(303.499)**	(313.018)

b) Short-term trade payables:

	December 31, 2010	December 31, 2009
Supplier current accounts	**30.839.681**	34.088.240
Less: Unincurred finance cost	**(71.140)**	(139.295)
	30.768.541	33.948.945

The average maturity of trade receivables is 1 month (2009: 1 month). The effective weighted average interest rate is 6,67% for TL, 0,23% for USD and 0,71% for EUR denominated on short-term trade payables (2009 - TL: 6,83%, USD: 0,23%, EUR: 0,41%).

11. Other receivables and payables

a) Short-term other receivables:

	December 31, 2010	December 31, 2009
VAT receivables	**1.388.965**	-
Deposits and guarantees given	**3.494**	3.494
Other	**144.135**	-
	1.536.594	3.494

b) Long-term other receivables:

The long-term other receivables consist of deposits and guarantees given amounting to TL 131 as of December 31, 2010 (December 31, 2009: TL 131).

c) Short-term other payables:

The short- term other receivables consist of deposits and guarantees taken amounting to TL 12.368 as of December 31, 2010 (December 31, 2009: TL 13.046).

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12. Receivables and payables from finance sector operations

None (2009: None).

13. Inventories

	December 31, 2010	December 31, 2009
Raw materials	**6.137.025**	5.788.706
- Stocks of raw materials	**4.436.256**	3.412.654
- Raw materials in transit	**1.700.769**	2.376.052
Work in progress	**22.639.752**	5.540.147
Finished goods	**9.988.542**	5.440.474
Trade goods	**26.053**	9.838
Spare parts	**2.324.007**	1.925.037
Other	**229.282**	230.412
	41.344.661	18.934.614

The cost of inventories recognised as expense and included in cost of sales amounted to TL 256.575.488 (2009: TL 209.574.855) (Note 30). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell as of December 31, 2010.

14. Biological assets

None (2009: None).

15. Construction contract receivables

None (2009: None).

16. Investment in associates accounted for using equity method

Investments-in-associates:

	December 31, 2010		December 31, 2009	
	TL	**%**	TL	%
YBP	**83.261.009**	**38,26**	74.694.128	38,26
Çamlı Yem	**16.763.846**	**23,38**	19.637.130	23,38
Desa Enerji	**3.330.088**	**26,41**	2.275.098	26,41
Pınar Foods	**2.790.087**	**44,94**	2.721.261	44,94
Pınar Anadolu	**694.615**	**20,00**	761.210	20,00
	106.839.645		100.088.827	

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16. Investment in associates accounted for using equity method (continued)

The movement in investments-in-associates during January 1 - December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
January 1	**100.088.827**	93.995.750
Share of results of investments-in-associates- net	**12.521.816**	11.989.160
Increase in fair value reserves of associates- net (YBP and Çamlı Yem)	**2.967.409**	860.074
Currency translation reserve	**(98.774)**	(108.038)
Dividend income from investments-in-associates (Note 37.ii. ı)	**(8.609.396)**	(6.641.276)
Inventory profit elimination	**(30.237)**	(6.843)
December 31	**106.839.645**	100.088.827

The Company acquired 23% and 6% of YBP shares on April 30, 2004 and on 5 August 2005, in consideration of TL 25.175.996 and TL 8.167.862 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 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 December 31, 2010, distribution network and the goodwill amounted to TL 39.162.384 (2009: TL 39.162.384). As of December 31, 2010, 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 10,70% p.a. whereas the growth rate is 1% p.a.

Information about associates accounted for using equity method as follows:

	December 31, 2010			December 31, 2009		
	Assets	**Liabilities**	**Profit for the year**	Assets	Liabilities	Profit for the year
- YBP	**297.470.094**	**181.608.562**	**34.268.829**	250.007.632	156.618.305	24.226.269
- Çamlı Yem	**149.014.129**	**77.312.466**	**(9.103.766)**	176.435.417	92.444.269	7.078.035
- Desa Enerji	**14.369.252**	**1.760.472**	**3.994.245**	14.748.357	6.133.823	881.357
- Pınar Foods	**6.895.836**	**687.368**	**522.603**	7.111.708	1.056.387	1.066.925
- Pınar Anadolu	**5.961.165**	**2.488.098**	**1.246.423**	6.457.967	2.651.917	1.765.513

17. Investment property

None (2009 - None).

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18. Property, plant and equipment

The movements of property, plant and equipment and accumulated depreciation between January 1, and December 31, 2010 were as follows:

Cost or valuation:	January 1, 2010	Additions	Disposals	Transfers	December 31, 2010
Land	48.851.000	-	-	-	48.851.000
Buildings and land improvements	67.617.744	70.647	-	-	67.688.391
Machinery and equipment	122.684.564	1.195.265	(319.215)	72.012	123.632.626
Leased machinery and equipment	3.096.753	-	-	-	3.096.753
Furniture and fixtures	26.687.493	1.030.245	(305.798)	-	27.411.940
Leased furniture and fixtures	1.100.261	-	-	-	1.100.261
Motor vehicles	1.949.910	271.617	(117.498)	-	2.104.029
Leased motor vehicles	44.015	-	-	-	44.015
Construction in progress	70.457	40.103	-	(72.012)	38.548
Total cost	272.102.197	2.607.877	(742.511)	-	273.967.563
Accumulated depreciation:					
Buildings and land improvements	(24.784.513)	(1.548.181)	-	-	(26.332.694)
Machinery and equipment	(84.533.474)	(4.376.333)	319.215	-	(88.590.592)
Leased machinery and equipment	(1.239.138)	(484.205)	-	-	(1.723.343)
Furniture and fixtures	(20.570.311)	(1.241.368)	294.080	-	(21.517.599)
Leased furniture and fixtures	(569.172)	(97.347)	-	-	(666.519)
Motor vehicles	(1.925.266)	(98.590)	117.498	-	(1.906.358)
Leased motor vehicles	(44.015)	(3.668)	-	-	(47.683)
	(133.665.889)	(7.849.692)	730.793	-	(140.784.788)
Net book value	138.436.308				133.182.775

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18. Property, plant and equipment (continued)

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

Cost or valuation:	January 1, 2009	Additions	Disposals	Transfers	December 31, 2009
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
Total cost	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

There are no mortgages or other collaterals placed on property, plant and equipment as of December 31, 2010 and 2009.

Allocation of depreciation and amortisation costs in 2010 and 2009 were as follows:

	December 31, 2010	December 31, 2009
Cost of sales	**5.995.861**	5.667.482
Cost of inventories	**115.532**	164.594
Selling and marketing costs (Note 29.b)	**996.891**	1.001.248
General administrative expenses (Note 29.c)	**551.797**	612.061
Research and development expenses (Note 29.a)	**203.886**	201.099
	7.863.967	7.646.484

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18. Property, plant and equipment (continued)

The movements in revaluation reserve related to land, land improvements, buildings, machinery and equipment in 2010 and 2009 were as follows:

	2010	2009
January 1	**77.326.510**	79.825.250
Depreciation transfer upon revaluation reserve	**(3.005.930)**	(2.827.019)
Deferred income tax calculated on depreciation transfer	**601.186**	565.404
Decrease in revaluation reserves of investments in associates -net	**(1.629.217)**	(237.125)
December 31	**73.292.549**	77.326.510

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 are as follows:

December 31, 2010:	**Land**	**Land improvements and buildings**	**Machinery and equipment (*)**
Cost	**11.383.443**	**25.612.692**	**96.260.142**
Less: Accumulated depreciation	**-**	**(12.838.588)**	**(75.811.418)**
Net book value	**11.383.443**	**12.774.104**	**20.448.724**

December 31, 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

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

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19. Intangible assets

The movements of intangible assets and related accumulated amortisation for the years ended December 31, 2010 and 2009 were as follows:

	January 1, 2010	Additions	Disposals	December 31, 2010
Costs:				
Rights	**16.470.806**	**63.080**	**-**	**16.533.886**
Accumulated amortisation	**(16.463.106)**	**(14.275)**	**-**	**(16.477.381)**
Net book value	**7.700**	**48.805**	**-**	**56.505**

	January 1, 2009	Additions	Disposals	December 31,2009
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	(25.216)	-	7.700

20. Goodwill

None (2009: None)

21. Government grants

Under Turquality project, the government incentive has been contributed by Undersecretariat of Foreign Trade as of 2010 and 2009 for branding of Turkish goods and building Turkish goods image in foreign markets.

22. Provisions, contingent assets and contingent liabilities

a) Short-term provisions:

	December 31, 2010	December 31, 2010
Management bonus accruals	**856.946**	1.000.000
Provision for litigations	**60.200**	60.200
Provision for seniority incentive bonus	**60.263**	44.922
Other	**30.065**	3.855
	1.007.474	1.108.977

b) Long-term provisions:

The long-term provisions consist of provision for seniority incentive bonus amounting to TL 182.240 as of December 31, 2010 (December 31, 2009-TL 137.514).

c) Guarantees given:

	2010	2009
Bails	**621.984.497**	607.668.627
Letters of guarantee	**1.006.850**	1.015.802
	622.991.347	608.684.429

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22. Provisions, contingent assets and contingent liabilities (continued)

The Company jointly guarantees with Yaşar Group companies the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR 96.059.000 and USD 275.000.000, equivalent of TL 621.984.497 (2009: EUR 281.289.000, equivalent of TL 607.668.627).

Collaterals, pledges and mortgages ("CPM") positions of the Company as of December 31, 2010 and 2009 are summarized as follows:

	December 31, 2010			
	Total TL Equivalent	**TL**	**USD**	**EUR**
A. Total amount of CPM given for the Company's own legal personality	**1.006.850**	**1.006.850**	-	-
Collaterals	**1.006.850**	**1.006.850**	-	-
Pledges	-	-	-	-
Mortgages	-	-	-	-
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-
Collaterals	-	-	-	-
Pledges	-	-	-	-
Mortgages	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	**621.984.497**	-	**275.000.000**	**96.059.000**
i. Total amount of CPM given on behalf of the majority shareholder	**542.352.497**	-	**250.000.000**	**76.059.000**
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	**79.632.000**	-	**25.000.000**	**20.000.000**
iii. Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**622.991.347**	**1.006.850**	**275.000.000**	**96.059.000**

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22. Provisions, contingent assets and contingent liabilities (continued)

The ratio of total amount of other CPM to Equity is 221,17%.

	December 31, 2009			
	Total TL Equivalent	TL	USD	EUR
A. Total amount of CPM given for the Company's own legal personality	1.015.802	1.015.802	-	-
Collaterals	1.015.802	1.015.802	-	-
Pledges	-	-	-	-
Mortgages	-	-	-	-
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-
Collaterals	-	-	-	-
Pledges	-	-	-	-
Mortgages	-	-	-	-
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	-	-	281.289.000
i. Total amount of CPM given on behalf of the majority shareholder	391.638.627	-	-	181.289.000
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	-	-	100.000.000
iii. Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	608.684.429	1.015.802	-	281.289.000

The ratio of total amount of other CPM to Equity is 224,74% as of December 31, 2009.

d) Guarantees received:

	December 31, 2010	December 31, 2009
Bails	**10.245.500**	10.801.500
Mortgages	**538.210**	538.210
Letters of guarantee	**794.663**	512.152
Guarantee notes	**103.251**	355.250
	11.681.624	12.207.112

As of December 31, 2010, bails received are related with joint guarantees provided to the Company by Yaşar Holding A.Ş. and its affiliates for repayment of borrowings obtained by the Company from international capital markets amounting to EUR 5.000.000.

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22. Provisions, contingent assets and contingent liabilities (continued)

Foreign currency denominated guarantees are as follows:

		December 31, 2010	December 31, 2009
Guarantees received	EUR	**5.013.500**	5.191.000
	USD	**59.000**	9.000

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 December 31, 2010, the fair value of the aforementioned properties located on the plots amounts to TL 79.497.528. 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.

23. Commitments

As of December 31, 2010 the Company has purchase commitments amounting to TL 390,780, equivalent of EUR 190,708, relating to 449,783 m^2 of packaging material (As of December 31, 2009 the Company has purchase commitments amounting to TL 641,044, equivalent of EUR 296,720, relating to 699,811 m^2 of packaging material).

24. Provision for employment termination benefit

Provision for employment termination benefits

	December 31, 2010	December 31, 2009
Provision for employment termination benefits	**6.335.054**	4.956.437
	6.335.054	4.956.437

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, dies or retires. The amount payable consists of one month's salary limited to a maximum of TL 2.517 for each year of service as of December 31, 2010 (2009: TL 2.365).

In the financial statements as of December 31, 2010 and 2009, the Company reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

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 TL 2.623 which is effective from January 1, 2011 (January 1, 2010: TL 2.427) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	December 31, 2010	December 31, 2009
Discount rate (%)	**4,66**	5,92
Probability of retirement (%)	**98,62**	98,56

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24. Provision for employment termination benefit (continued)

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

	2010	2009
January 1	**4.956.437**	4.165.520
Interest costs	**230.970**	246.599
Actuarial losses	**733.349**	336.355
Paid during the year	**(411.204)**	(446.483)
Annual charge	**825.502**	654.446
December 31	**6.335.054**	4.956.437

The total of interest costs, actuarial losses and annual charge for the year amounting to TL 1.789.821 (2009: TL 1.237.400) was included in general administrative expenses (Notes 29 and 30).

25. Pension plans

None (2009: None).

26. Other assets and liabilities

a) Other current assets:

	December 31, 2010	December 31, 2009
Prepaid expenses	**1.198.875**	948.886
Taxes and funds deductible	**1.715.607**	476.891
Order advances given	**297.134**	463.327
Income accrual (*)	**243.242**	-
Other	**20.739**	15.976
	3.475.597	1.905.080

(*) Under Turquality project, the government incentive has been contributed by Undersecretariat of Foreign Trade as of 2010 and 2009 for branding of Turkish goods and building Turkish goods image in foreign markets.

b) Other non-current assets:

The other non-current assets consist of advances given for purchase of property, plant and equipment amounting to TL 639.777 as of December 31, 2010 (2009 - None).

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26. Other assets and liabilities (continued)

c) Other current liabilities:

	December 31, 2010	December 31, 2009
Withholding taxes and funds payable	**1.013.907**	968.049
Overdue taxes payable (*)	**660.898**	-
Expense accruals	**12.068**	-
Order advances received	**4.099**	237.480
Payable to personnel	**1.259**	491.369
Other	**12.614**	9.221
	1.704.845	1.706.119

(*) Overdue taxes amounting to TL 660.898 is deducted from temporary tax declaration due to VAT return.

27. Equity

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1. The Company's historical authorised registered share capital at December 31, 2010 and 2009 is as follows:

	December 31, 2010	December 31, 2009
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

The compositions of the Company's share capital at December 31, 2010 and 2009 were as follows:

	December 31, 2010		December 31, 2009	
	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
Publicly held (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

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

27. Equity (continued)

Adjustment to share capital amounting to TL 37.059.553 (2009: TL 37.059.553) 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 December 31, 2010, there are 43.335.000 (2009: 43.335.000) units of shares with a face value of TL 1 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 have 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:

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 December 31, 2010, the restricted reserves of the Company amount to TL 15.063.386 (2009: TL 10.135.698). The unrestricted reserves of the Company, amounting to TL 38.318.400 (2009: TL 38.262.483), is classified in the retained earnings.

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27. Equity (continued)

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, the retained earnings after dividend distribution can be allocated to Board of Directors in necessary conditions.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,

- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,

- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

Based on the decision of General Assembly meeting on 12 May 2010, the Company has distributed net income for the year 2009 amounting to TL 31.634.550 as dividend.

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27. Equity (continued)

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

	December 31, 2010	December 31, 2009
Extraordinary reserves	**32.466.996**	32.411.079
Retained earnings	**8.269.919**	8.402.270
Profit for the year	**38.988.465**	37.618.155
	79.725.380	78.431.504

28. Sales and cost of sales

	January 1 - December 31, 2010	January 1 - December 31, 2009
Domestic sales	**437.813.136**	374.362.775
Export sales	**5.378.730**	5.343.085
Merchandise goods sales	**22.142**	111.630
Other sales	**1.505.786**	864.573
Gross sales	**444.719.794**	380.682.063
Less: Discounts	**(81.737.560)**	(66.283.906)
Returns	**(10.181.510)**	(6.596.780)
Net sales	**352.800.724**	307.801.377
Cost of finished good sales	**(291.211.370)**	(241.996.217)
Cost of trade good sales	**(20.208)**	(94.454)
Cost of trade good sales	**(1.644.623)**	(962.755)
Cost of sales (-)	**(292.876.201)**	(243.053.426)
Gross profit	**59.924.523**	64.747.951

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29. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses

	January 1, - December 31, 2010	January 1, - December 31, 2009
a) Research and development expenses:		
Staff costs	**402.318**	360.011
Depreciation and amortisation (Notes 18 and 19)	**203.886**	201.099
Material costs	**130.087**	71.045
Other	**137.323**	136.707
	873.614	768.862
b) Marketing, selling and distribution expenses:		
Advertisement	**7.728.330**	11.107.347
Staff costs	**2.199.992**	1.762.094
Utilities	**1.298.903**	1.190.369
Depreciation and amortisation (Notes 18 and 19)	**996.891**	1.001.248
Repair and maintenance	**899.892**	876.308
Outsourced services	**765.675**	668.903
Rent costs	**270.443**	166.209
Travel costs	**104.012**	85.238
Taxes	**61.782**	57.374
Insurance costs	**35.577**	40.127
Consultancy charges	**2.677**	1.680
Other	**418.710**	705.324
	14.782.884	17.662.221
c) General administrative expenses:		
Consultancy charges	**4.783.077**	4.386.536
Staff costs	**3.607.918**	3.039.963
Employment termination benefits (Note 24)	**1.789.821**	1.237.400
Outsourced services	**644.310**	562.529
Depreciation and amortisation (Note 18)	**551.797**	612.061
Management bonus	**500.000**	1.555.000
Representation and hosting	**315.546**	341.044
Repair and maintenance	**251.435**	211.791
Taxes (Corporate tax excluded)	**247.088**	146.882
Utilities	**214.351**	208.499
Rent costs	**156.043**	139.728
Insurance costs	**109.511**	98.516
Communication	**101.776**	100.528
Travel costs	**45.168**	35.872
Other	**444.488**	310.908
	13.762.329	12.987.257
Total operating expenses	**29.418.827**	31.418.340

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30. Expenses by nature

	January 1, - December 31, 2010	January 1, - December 31, 2009
Direct material costs (Note 13)	**256.575.488**	209.574.855
Staff costs	**21.046.113**	16.553.541
Utilities	**7.907.041**	8.205.511
Depreciation and amortisation (Notes 18 and 19)	**7.748.435**	7.481.890
Outsourced services	**7.554.246**	9.743.566
Advertisement	**7.728.330**	11.107.347
Consultancy charges	**4.785.754**	4.388.216
Repair and maintenance	**3.095.884**	2.792.413
Employment termination benefits (Note 24)	**1.789.821**	1.237.400
Rent	**1.008.389**	583.833
Taxes, dues and fees	**308.870**	204.256
Insurance	**145.088**	138.643
Other	**2.601.569**	2.460.295
	322.295.028	274.471.766

31. Other operating income/expense

a) Other operating income:

	January 1, - December 31, 2010	January 1, - December 31, 2009
Rent income	**657.025**	628.201
Income from sales of property, plant and equipment	**119.787**	45.590
Income from sales of scrap	**118.235**	109.628
Income from sales of pallet	**57.852**	53.293
Cancellation of provision of doubtful trade receivables (Note 10.a)	**1.780**	-
Reversal of provision for lawsuits	**-**	10.500
Government incentive (Note 21)	**237.613**	69.854
Other	**113.892**	99.107
	1.306.184	1.016.173

b) Other operating expense:

	January 1, - December 31, 2010	January 1, - December 31, 2009
Donations and charities (*)	**974.775**	603.481
Tax penalties (**)	**-**	1.297.822
Other	**76.281**	56.056
	1.051.056	1.957.359

(*) Donations and charities are mainly composed by the donation made to Yaşar University, a related party, amounting to TL 750.000 (2009: 358.780 TL) (Note 37.ii. k).

(**) The accrued overdue interest charge related to 2009 amounting to TL 1.297.822 has been paid as of December 31, 2009.

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32. Finance income

	January 1, - December 31, 2010	January 1, - December 31, 2009
Interest income	**4.795.335**	4.341.068
Bail income from related parties (Note 37.ii. f)	**923.546**	1.587.480
Interest income on term purchases	**373.517**	582.512
Foreign exchange gain	**187.799**	890.292
Other	**-**	79.109
	6.280.197	7.480.461

33. Finance expense

	January 1, - December 31, 2010	January 1, - December 31, 2009
Interest expense	**(1.719.995)**	(2.508.096)
Interest expense on term sales	**(397.348)**	(475.447)
Foreign exchange loss	**(343.793)**	(972.173)
Bail expense	**(106.569)**	(162.999)
Other	**(64.245)**	(93.471)
	(2.631.950)	(4.212.186)

34. Non-current assets held for sale and discontinued operations

None (2009: None).

35. Tax assets and tax liabilities

As of December 31, 2010 and 2009, corporation taxes currently payable are as follows:

	December 31, 2010	December 31, 2009
Corporation taxes currently payable	**8.142.257**	8.330.264
Less: Prepaid corporate tax	**(6.098.714)**	(6.587.134)
Current income tax liabilities	**2.043.543**	1.743.130

In Turkey, corporate tax rate is 20% (December 31, 2009 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth month. The tax legislation provides for a provisional tax of 20% (2009 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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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 December 31, 2010 and 2009 are as follows:

	January 1, - December 31, 2010	January 1, - December 31, 2009
Current corporation tax expense	**(8.142.257)**	(8.330.264)
Deferred tax income	**743.101**	742.871
Taxation on income	**(7.399.156)**	(7.587.393)

The reconciliation of the taxation on income is as follows:

	January 1, - December 31, 2010	January 1, - December 31, 2009
Profit before tax	**46.930.887**	47.645.860
Tax calculated at tax rates applicable to the profit	**(9.386.177)**	(9.529.172)
Expenses not deductible for tax purposes	**(182.231)**	(356.939)
Income not subject to tax	**-**	222.211
Tax effect upon the results of investment-in-associates	**2.504.363**	2.397.832
Other	**(335.111)**	(321.325)
Taxation on income	**(7.399.156)**	(7.587.393)

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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 financial statements as 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% (2009: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at December 31, 2010 and 2009 using the enacted tax rates at the balance sheet dates are as follows:

	December 31, 2010		December 31, 2009	
	Cumulative temporary difference	**Deferred tax assets/ (liabilities)**	Cumulative temporary difference	Deferred tax assets/ (liabilities)
Differences of economic useful lives and indexation of property, plant and equipment and intangible assets	**2.464.420**	**(492.884)**	2.854.079	(570.816)
Revaluation of machinery and equipment	**16.111.031**	**(3.222.206)**	18.393.284	(3.678.657)
Revaluation of buildings	**28.581.593**	**(5.716.319)**	29.307.026	(5.861.405)
Revaluation of land	**37.467.557**	**(1.873.378)**	37.467.557	(1.873.378)
Available-for-sale investments	**(1.701.002)**	**340.200**	(1.613.294)	322.659
Provision for employment termination benefits	**(6.335.055)**	**1.267.011**	(4.956.435)	991.287
Other	**(934.158)**	**186.831**	(2.170.027)	434.005
Deferred income tax assets		**1.794.042**		1.747.951
Deferred income tax liabilities		**(11.304.787)**		(11.984.256)
Deferred income tax liabilities- net		**(9.510.745)**		(10.236.305)

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

	2010	2009
January 1	**(10.236.305)**	(11.062.975)
Charged to fair value reserve of available-for-sale investments (Note 7.a)	**(17.541)**	83.799
Credited to statement of comprehensive income	**743.101**	742.871
December 31	**(9.510.745)**	(10.236.305)

36. Earnings per share

		January 1, - December 31, 2010	January 1, - December 31, 2009
Profit for the period	A	**39.531.731**	40.058.467
Weighted average number of shares (Note 27)	B	**43.335.000**	43.335.000
Earnings per share with a TL 1 face value	**A/B**	**0,9122**	0,9244

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

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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 December 31, 2010 and 2009 are as follows:

i) Balances with related parties:

a) Trade receivables from related parties- current:

	December 31, 2010	December 31, 2009
YBP (*)	**23.313.554**	25.329.893
Yaşar Dış Ticaret A.Ş. (Yataş) (**)	**555.663**	993.130
	23.869.217	26.323.023
Less: Unearned finance income	**(176.869)**	(138.449)
	23.692.348	26.184.574

(*) Associate
(**) Financial investment

As of December 31, 2010, the effective weighted average interest rates of short-term trade receivables from related parties for related currencies are 6,73% (December 31, 2009: 6,84%) and average maturity is 2 month (December 31, 2009: 1 month).

The Company sells a substantial portion of its products to its related party and associate, YBP, which is the general distributor of the Company in Turkey. The Company's short-term trade receivable from Yataş is attributable to exports.

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

	December 31, 2010	December 31, 2009
Yaşar Holding (*)	**23.125.149**	30.437.971
Yaşar Dış Ticaret (***)	**24.780**	-
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya") (**)	**9.433**	267.378
Viking Kağıt ve Selüloz A.Ş. ("Viking") (**)	**-**	48.397
	23.159.362	30.753.746

(*) Parent
(**) Other related companies
(***) Financial investment

As of December 31, 2010, the Company has short-term receivables from Yaşar Holding amounting to TL 22.764.841 (2009: TL 30.035.598) 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 0,74% (2009: 0,83%) per month. As of December 31, 2010, other receivables from Yaşar Holding amounting to TL 385.088 (2009: TL 402.374) 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 15,30% p.a. (2009: 15,81% 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.

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37. Transactions and balances with related parties (continued)

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

	December 31, 2010	December 31, 2009
Yaşar Holding (*)	**9.745.000**	9.745.000

(*) Parent

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 15,30% p.a. (2009: 15,81% p.a.)

d) Trade payables to related parties – current:

	December 31, 2010	December 31, 2009
Çamlı Yem (**)	**6.009.847**	3.937.097
Yaşar Holding (*)	**1.348.849**	1.294.422
Hedef Ziraat Ticaret A.Ş. (****)	**1.260.345**	292.332
Yadex Export-Import und Spedition GmbH ("Yadex") (****)	**635.839**	370.878
Bintur (***)	**44.528**	38.038
Pınar Su Sanayi ve Ticaret A.Ş. ("Pınar Su") (****)	**4.416**	6.974
HDF-FZCO (****)	**-**	833.391
Other	**37.431**	32.243
	9.341.255	6.805.375
Less: Unincurred finance cost	**(89.676)**	(28.820)
	9.251.579	6.776.555

(*) Parent
(**) Associates
(***) Financial investment
(****) Other related companies

As of December 31, 2010, the effective weighted average interest rates of the short-term trade payables to related parties for related currency is 7,09% (December 31, 2009: 6,91%).

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

	December 31, 2010	December 31, 2009
Yaşar Üniversitesi (*)	**750.000**	-
Dividend payables	**103.240**	73.215
	853.240	73.215

(*) Other related companies

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37. Transactions and balances with related parties (continued)

ii) Transactions with related parties:

a) Product sales:

	December 31, 2010	December 31, 2009
YBP (*)	**282.464.163**	236.507.327
Yataş (**)	**5.383.378**	5.343.085
Pınar Anadolu (*)	**3.773.950**	2.271.035
Çamlı Yem (*)	**3.228.796**	2.615.927
Other	**31.303**	47.858
	294.881.590	246.785.232

(*) Associates
(**) Financial investment

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.

b) Service sales:

	December 31, 2010	December 31, 2009
Çamlı Yem (*)	**37.049**	51.959
Pınar Süt (**)	**22.587**	21.801
YBP (*)	**18.875**	7.234
Other	**34.901**	37.698
	113.412	118.692

(*) Associates
(**) Shareholder

c) Product purchases:

	December 31, 2010	December 31, 2009
Çamlı Yem (*)	**37.750.516**	25.360.315
Yadex (**)	**11.922.993**	2.154.944
Hedef Ziraat (**)	**2.404.140**	742.503
Pınar Anadolu (*)	**628.263**	848.879
Pınar Süt (***)	**507.952**	994.188
Other	**49.184**	196.463
	53.263.048	30.297.292

(*) Associates
(**) Other related companies
(***) Shareholder

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37. Transactions and balances with related parties (continued)

d) Service purchases:

	December 31, 2010	December 31, 2009
Yaşar Holding (*)	**4.589.558**	4.105.805
YBP (**)	**1.384.489**	1.259.632
Bintur (***)	**120.100**	98.606
Pınar Süt (*****)	**79.186**	24.570
HDF-FZCO (****)	**-**	658.431
Other	**257.030**	195.832
	6.430.363	6.342.876

(*) Parent
(**) Associates
(***) Financial investment
(****) Other related companies
(*****) Shareholder

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.

e) Finance expenses:

	December 31, 2010	December 31, 2009
Çamlı Yem (**)	**120.682**	250.539
Yaşar Holding (*)	**42.101**	40.126
YBP (**)	**19.247**	23.286
Pınar Süt (*****)	**14.283**	23.286
Pınar Su (***)	**14.283**	23.286
Viking (***)	**14.283**	23.286
Dyo Boya (***)	**14.283**	23.286
	239.162	407.095

(*) Parent
(**) Associates
(***) Other related companies
(****) Financial investment
(*****) Shareholder

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37. Transactions and balances with related parties (continued)

f) Finance income:

	December 31, 2010	December 31, 2009
Yaşar Holding (*)	**3.494.983**	2.618.986
YBP (**)	**91.145**	81.245
Dyo Boya (***)	**61.979**	295.540
Viking (***)	**46.745**	103.445
Çamlı Yem (**)	**33.997**	74.514
Pınar Süt (****)	**17.140**	-
Other	**104.014**	30.568
	3.850.003	3.204.298

(*) Parent
(**) Associates
(***) Other related companies
(****) Shareholder

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.

The finance income includes 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 as further explained in Note 33 to the financial statements. The commission rates of bail and financing used in the associated intercompany charges is 0,5% p.a. per each (2009: 0,75% p.a. per each).

g) Key management compensation:

The compensation paid or payable to key management is shown below:

	December 31, 2010	December 31, 2009
Salaries	**1.428.205**	861.255
Bonus and profit-sharing	**500.000**	1.555.000
Other long-term benefits	**87.368**	13.417
	2.015.573	2.429.672

h) Dividends paid:

	December 31, 2010	December 31, 2009
Yaşar Holding (*)	**17.138.132**	3.351.938
Pınar Süt (**)	**3.979.779**	778.510
Other	**10.516.639**	2.056.752
	31.634.550	6.187.200

(*) Parent
(**) Shareholder

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37. Transactions and balances with related parties (continued)

ı) Dividends received (Note 16):

	December 31, 2010	December 31, 2009
YBP (*)	**7.348.613**	5.168.623
Çamlı Yem (*)	**944.866**	1.029.959
Pınar Anadolu (*)	**315.917**	442.694
	8.609.396	6.641.276

(*) Associates

j) Purchases of property, plant and equipment:

	December 31, 2010	December 31, 2009
Pınar Süt (**)	**27.853**	-
Yaşar Holding (*)	**550**	-
YBP (***)	**-**	11.155
	28.403	11.155

(*) Parent
(**) Shareholder
(***) Associate

k) Donations:

	December 31, 2010	December 31, 2009
Yaşar Üniversitesi (Note 31. b) (*)	**750.000**	358.780
Yaşar Eğitim Vakfı	**47.399**	63.590
	797.399	422.370

(*) Other related companies

l) Bails given to related parties (Note 22.c):

As of December 31, 2010, the Company jointly guarantees with Yaşar Holding A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR 96.059.000 and USD 275.000.000, equivalent of TL 621.984.497 (2009: EUR 281.289.000 equivalent of TL 607.668.627).

m) Other incomes from related parties:

	December 31, 2010	December 31, 2009
YBP (*)	**363.556**	344.474
Çamlı Yem (*)	**345.299**	323.257
Pınar Süt (**)	**23.124**	13.012
Other	**38.156**	32.691
	770.135	713.434

(*) Associates
(**) Shareholder

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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.

n) Other expenses from related parties:

	December 31, 2010	December 31, 2009
YBP (*)	**372.692**	4.867
Bintur (**)	**66.351**	-
Pınar Süt (***)	**53.263**	75.665
Pınar Su (****)	**29.581**	-
Other	**35.855**	28.156
	557.742	108.688

(*) Associate
(**) Financial investment
(***) Shareholder
(****) Other related company

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

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors.

The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational (especially arising from raw milk prices fluctuations) risks.

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

• Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk;

• Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;

• Effective monitoring and minimizing risks sourced from counterparts.

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38. Financial instruments and financial risk management (continued)

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers and related parties. 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 conditions, trade receivables are monitored by the Company management and necessary provisions for impairment are recognized. The Company management believes credit risk is well managed and monitored effectively. 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 following table analyses the Company's credit risk as of December 31, 2010 and 2009:

	Receivables					
December 31, 2010	**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)	**23.692.348**	**7.535.226**	**23.159.362**	**1.536.725**	**1.729.085**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired (3)	**23.515.479**	**7.398.985**	**23.159.362**	**1.536.725**	**1.729.085**	-
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	**176.869**	**136.241**	-	-	-	-
- The part covered by guarantees						
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	**303.499**	-	-	-	-
- Impairment amount (-)	-	**(303.499)**	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

(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.

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38. Financial instruments and financial risk management (continued)

	Receivables					
December 31, 2009	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	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	-	-	-	-	-	-

(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.

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, takes actions to minimize the effect of delay in collections and arranges cash and non-cash credit lines from financial institutions in case of a requirement.

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38. Financial instruments and financial risk management (continued)

	December 31, 2010				
	Carrying amount	**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					
Financial liabilities	**10.884.191**	**12.803.722**	**803.604**	**352.841**	**11.647.277**
Trade payables	**40.020.120**	**40.142.935**	**39.809.122**	**333.813**	**-**
Other payables	**865.608**	**865.608**	**115.608**	**750.000**	**-**
	51.769.919	**53.812.265**	**40.728.334**	**1.436.654**	**11.647.277**
Derivative financial instruments					
Financial (assets)/liabilities (Note 8)	**(293.750)**	**1.931.590**	**397.938**	**409.054**	**1.124.598**

(*) 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.

	December 31, 2009				
	Carrying amount	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					
Loans	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

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38. Financial instruments and financial risk management (continued)

c) Market risk:

i) Foreign exchange risk

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

Schedule for foreign currency position								
	December 31, 2010				December 31, 2009			
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade receivables	**131.656**	**85.159**	**-**	**-**	599.448	363.760	23.948	-
2a. Monetary financial assets (Cash, Bank accounts included)	**23.003**	**10.386**	**3.390**	**-**	23.967	13.206	1.890	-
2b. Non-monetary financial assets	**-**	**-**	**-**	**-**	-	-	-	-
3. Other	**-**	**-**	**-**	**-**	-	-	-	-
4. Current assets (1+2+3)	**154.659**	**95.545**	**3.390**	**-**	623.415	376.966	25.838	-
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)	**154.659**	**95.545**	**3.390**	**-**	623.415	376.966	25.838	-
10. Trade payables	**(1.481.355)**	**-**	**(704.111)**	**(38.562)**	(3.308.021)	(557.740)	(759.993)	(826.419)
11. Financial liabilities	**(178.339)**	**-**	**(87.033)**	**-**	(187.128)	-	(86.621)	-
12a. Monetary other liabilities	**(12.368)**	**(8.000)**	**-**	**-**	(12.046)	(8.000)	-	-
12b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	-	-	-	-
13. Short-term liabilities (10+11+12)	**(1.672.062)**	**(8.000)**	**(791.144)**	**(38.562)**	(3.507.195)	(565.740)	(846.614)	(826.419)
14. Trade payables	**-**	**-**	**-**	**-**	-	-	-	-
15. Financial liabilities	**(10.245.500)**	**-**	**(5.000.000)**	**-**	(10.801.500)	-	(5.000.000)	-
16a. Monetary other liabilities	**-**	**-**	**-**	**-**	-	-	-	-
16b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	-	-	-	-
17. Long-term liabilities (14+15+16)	**(10.245.500)**	**-**	**(5.000.000)**	**-**	(10.801.500)	-	(5.000.000)	-
18. Total liabilities (13+17)	**(11.917.562)**	**(8.000)**	**(5.791.144)**	**(38.562)**	(14.308.695)	(565.740)	(5.846.614)	(826.419)
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)	**(11.762.903)**	**87.545**	**(5.787.754)**	**38.562**	(13.685.280)	(188.774)	(5.820.776)	(826.419)
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.B 23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(11.762.903)**	**87.545**	**(5.787.754)**	**38.562**	(13.685.280)	(188.774)	(5.820.776)	(826.419)
22. Total fair value of financial instruments used for foreign currency hedging	**10.423.839**	**-**	**5.087.033**	**-**	10.988.238	-	5.086.441	-
23. Export	**5.378.730**	**3.600.409**	**-**	**-**	5.231.895	3.474.726	-	-
24. Import	**21.297.287**	**14.300.404**	**-**	**-**	7.170.317	4.762.115	-	-

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38. Financial instruments and financial risk management (continued)

	Sensitivity analysis for foreign currency risk	
	Profit/Loss	
December 31,2010	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change of USD by 10% against TL		
1- Asset/liability denominated in USD - net	**13.534**	**(13.534)**
2- The part hedged for USD risk (-)		
3- USD effect - net (1+2)	**13.534**	**(13.534)**
Change of EUR by 10% against TL		
4- Asset/liability denominated in EUR - net	**(1.185.969)**	**1.185.969**
5- The part hedged for EUR risk (-)	**1.042.384**	**(1.042.384)**
6- EUR effect - net (4+5)	**(143.585)**	**143.585**
Change of other currencies by average 10% against TL		
7- Assets/Liabilities denominated in other foreign currencies - net	**3.856**	**(3.856)**
8- The part hedged for other foreign currency risk (-)	**-**	**-**
9- Other foreign currency Effect - net (7+8)	**3.856**	**(3.856)**
Total (3+6+9)	**(126.195)**	**126.195**

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38. Financial instruments and financial risk management (continued)

	Sensitivity analysis for foreign currency risk	
	Profit/Loss	
December 31,2009	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

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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	
	December 31, 2010	December 31, 2009
Financial instruments with fixed interest rates		
Financial assets	**67.262.411**	82.572.238
Financial liabilities	**41.346.079**	42.034.883
Financial instruments with floating interest rates		
Financial assets	**-**	-
Financial liabilities	**10.423.840**	10.147.374

According to the interest rate sensitivity analysis performed as at December 31, 2010, if interest rates had been 1% higher while all other variables being constant, net income for the year would be TL 25.175 lower (2009: TL 25.445 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 Company regularly reviews the market prices in the terms of risk management. The current risks are properly monitored by Board of Directors regularly.

d) Capital risk management:

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

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

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

	December 31, 2010	December 31, 2009
Financial liabilities	**10.884.191**	11.370.496
Derivative financial assets	**(293.750)**	(840.864)
Trade payables	**40.020.120**	40.725.500
Other payables	**865.608**	86.261
Less: Cash and cash equivalents (Note 6)	**(1.754.607)**	(2.266.855)
Net debt	**49.721.562**	49.074.538
Total equity	**281.221.944**	270.385.966
Debt/equity ratio	**18%**	18%

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at December 31, 2010 and 2009

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

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.

39. Financial instruments (Fair value and financial risk management disclosures)

Classification of financial assets

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

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

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.

40. Subsequent events

As of January 18, 2011, the lease period (10 years) of the meat and milk integrated facility of Pınar Anadolu Gıda San. ve Tic. A.Ş. located in the province of Yozgat has expired. The subject facility's meat products are continued to be produced in İzmir Kemalpaşa factory of the Company.

41. Other matters that may have a material effect on, or be explained for the clear understanding of the financial statements

None (2009 – None).