Pınar Entegre Et ve Un Sanayii A.Ş.

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Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

	Notes	31 December 2011	31 December 2010
ASSETS			
Current Assets		**138.615.741**	**102.792.145**
Cash and Cash Equivalent	6	4.131.878	1.754.607
Financial Assets	7	2.345.784	293.750
Trade Receivables		49.013.261	31.227.574
- Due From Related Parties	37	32.943.467	23.692.348
- Other Trade Receivables	10	16.069.794	7.535.226
Other Receivables		48.382.714	24.695.956
- Due From Related Parties	37	46.676.353	23.159.362
- Other Receivables	11	1.706.361	1.536.594
Inventories	13	32.289.336	41.344.661
Other Current Assets	26	2.452.768	3.475.597
Non – Current Assets		**285.018.042**	**250.983.619**
Other Receivables		9.745.131	9.745.131
- Due From Related Parties	37	9.745.000	9.745.000
- Other Receivables	11	131	131
Financial Assets	7	403.371	519.786
Investments in Associates Accounted for Using Equity Method	16	110.498.031	106.839.645
Property, Plant and Equipment	18	164.094.623	133.182.775
Intangible Assets	19	141.162	56.505
Other Non-Current Assets	26	135.724	639.777
TOTAL ASSETS		**423.633.783**	**353.775.764**

The financial statements at 31 December 2011 and for the year then ended have been authorized for issue by Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş. on 15 March 2012.

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

	Notes	31 December 2011	31 December 2010
LIABILITIES			
Current Liabilities		**79.342.461**	**46.280.281**
Financial Liabilities	8	22.154.307	638.691
Trade Payables		50.884.104	40.020.120
- Due to Related Parties	37	5.304.389	9.251.579
- Other Trade Payables	10	45.579.715	30.768.541
Other Payables		1.035.746	865.608
- Due to Related Parties	37	933.640	853.240
- Other Payables	11	102.106	12.368
Current Income Tax Liabilities	35	975.786	2.043.543
Provisions	22	1.011.405	1.007.474
Other Current Liabilities	26	3.281.113	1.704.845
Non- Current Liabilities		**33.940.588**	**26.273.539**
Financial Liabilities	8	12.219.000	10.245.500
Provisions	22	208.512	182.240
Provisions for Employment Termination Benefits	24	6.877.385	6.335.054
Deferred Income Tax Liabilities	35	14.635.691	9.510.745
TOTAL LIABILITIES		**113.283.049**	**72.553.820**
EQUITY		**310.350.734**	**281.221.944**
Share Capital	27	43.335.000	43.335.000
Adjustment to Share Capital	27	37.059.553	37.059.553
Reserves		107.604.585	78.867.999
- Revaluation Reserve	18	101.311.294	73.292.549
- Fair Value Reserves of Available for Sale Investments	7	30.386	123.518
- Fair Value Reserves of Investments in Associates	16	6.262.905	5.451.932
Cash Flow Hedge on Fair Value Reserves of Investments in Associates	16	(162.253)	-
Currency Translation Reserve	2.3	519.951	(166.029)
Restricted Reserves	27	19.928.250	15.063.386
Retained Earnings	27	72.333.771	67.530.304
Profit for the Year		29.731.877	39.531.731
TOTAL LIABILITIES AND EQUITY		**423.633.783**	**353.775.764**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Comprehensive Income for the Years Ended at 31 December 2011 And 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

	Notes	1 January - 31 December 2011	1 January - 31 December 2010
Revenue	28	383.665.538	352.800.724
Cost of Sales	28	(323.392.020)	(292.876.201)
GROSS PROFIT	**28**	**60.273.518**	**59.924.523**
Research and Development Expenses	29	(956.368)	(873.614)
Selling and Marketing Expenses	29	(20.812.061)	(14.782.884)
General Administrative Expenses	29	(14.469.024)	(13.762.329)
Other Operating Income	31	1.251.848	1.306.184
Other Operating Expense	31	(1.699.590)	(1.051.056)
OPERATING PROFIT		**23.588.323**	**30.760.824**
Share of Results of Investment-in-Associates-net	16	9.167.044	12.521.816
Financial Income	32	9.066.908	6.280.197
Financial Expense	33	(6.592.126)	(2.631.950)
PROFIT BEFORE TAXATION ON INCOME		**35.230.149**	**46.930.887**
Income Tax Expense		(5.498.272)	(7.399.156)
- Taxes on Income	35	(6.169.970)	(8.142.257)
- Deferred Tax Income	35	671.698	743.101
PROFIT FOR THE YEAR		**29.731.877**	**39.531.731**
Other Comprehensive Income:			
Increase in Revaluation Reserve of Investment in Associates- net	16	3.769.839	-
Increase in Revaluation Reserve - net	18	27.753.456	-
(Decrease)/ Increase in Fair Value Reserve of Available for Sale Investments	7 - 35	(93.132)	70.162
Currency Translation Differences	2 - 16	685.980	(98.774)
Cash Flow Hedge on Fair Value Reserves of Investments in Associates	16	(162.253)	-
Increase in Fair Value Reserve of Investment in Associates - net	16	810.973	2.967.409
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**32.764.863**	**2.938.797**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**62.496.740**	**42.470.528**
EARNINGS PER SHARE	**36**	**0,6861**	**0,9122**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Changes in Equity
for the Years Ended at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

	Share Capital	Adjustment to share capital	Revaluation reserve	Fair value reserves of available-for-sale investments
1 January 2010	**43.335.000**	**37.059.553**	**77.326.510**	**53.356**
Transfer of prior year income to retained earnings	-	-	-	-
Legal reserves	-	-	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-
Depreciation transfer of investments-in-associates-net (Note 18)	-	-	(1.629.217)	-
Depreciation transfer (Note 18)	-	-	(2.404.744)	-
Total comprehensive income	-	-	-	70.162
31 December 2010	**43.335.000**	**37.059.553**	**73.292.549**	**123.518**
Transfer of prior year income to retained earnings	-	-	-	-
Legal reserves	-	-	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-
Depreciation transfer of investments-in-associates-net (Note 18)	-	-	(1.084.232)	-
Depreciation transfer (Note 18)	-	-	(2.420.318)	-
Total comprehensive income	-	-	31.523.295	(93.132)
31 December 2011	**43.335.000**	**37.059.553**	**101.311.294**	**30.386**

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

Fair value reserves of investments-in associates	Cash Flow Hedge on Fair Value Reserves of investments in associates	Currency translation reserve	Restricted reserves	Retained earnings	Profit for the year	Total equity
2.484.523	**-**	**(67.255)**	**10.135.698**	**60.000.114**	**40.058.467**	**270.385.966**
-	-	-	-	40.058.467	(40.058.467)	-
-	-	-	4.927.688	(4.927.688)	-	-
-	-	-	-	(31.634.550)	-	(31.634.550)
-	-	-	-	1.629.217	-	-
-	-	-	-	2.404.744	-	-
2.967.409	-	(98.774)	-	-	39.531.731	42.470.528
5.451.932	**-**	**(166.029)**	**15.063.386**	**67.530.304**	**39.531.731**	**281.221.944**
-	-	-	-	39.531.731	(39.531.731)	-
-	-	-	4.864.864	(4.864.864)	-	-
-	-	-	-	(33.367.950)	-	(33.367.950)
-	-	-	-	1.084.232	-	-
-	-	-	-	2.420.318	-	-
810.973	(162.253)	685.980	-	-	29.731.877	62.496.740
6.262.905	**(162.253)**	**519.951**	**19.928.250**	**72.333.771**	**29.731.877**	**310.350.734**

Statements of Cash Flows for the Years Ended at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

	Notes	1 January - 31 December 2011	1 January - 31 December 2010
Cash flows from operating activities:			
Profit before taxation on income		35.230.149	46.930.887
Adjustments to reconcile profit before taxation on income to net cash generated from operating activities			
Depreciation and amortisation	18-19	8.048.209	7.863.967
Interest income	32	(3.889.559)	(4.795.335)
Interest expense	33	1.998.065	1.719.995
Provision for employment termination benefits	24	1.360.926	1.789.821
Reversal of impairment on property, plant and equipment	18	(92.198)	-
Inventory profit elimination	16	(19.690)	30.237
Management bonus provision	29.c	500.000	500.000
Share of results of investment in associates- net	16	(9.167.044)	(12.521.816)
Gain from sales of property, plant and equipment	31.a	(28.937)	(119.787)
Unrealized foreign exchange gain		(3.391)	(42)
		33.936.530	**41.397.927**
Changes in assets and liabilities:			
(Increase)/ decrease in trade receivables	10	(8.534.568)	5.322.203
Decrease/ (increase) in inventory	13	9.055.325	(22.410.047)
(Increase)/ decrease in due from related parties	37	(9.251.119)	2.492.226
Decrease/ (increase) in other receivables and other current assets	853.062	(3.743.394)	
Decrease in other non-current assets		504.053	-
Increase/ (decrease) in trade payables	10	14.811.174	(3.180.404)
(Decrease)/ increase in due to related parties	37	(3.947.190)	2.475.024
Increase in other current and non-current liabilities		1.688.914	84.325
Employment termination benefit paid	24	(818.595)	(411.204)
Bonus paid	22	(492.705)	(643.054)
Taxes paid	35	(7.237.727)	(7.841.844)
Net cash generated from operating activities		**30.567.154**	**13.541.758**
Investing activities:			
Interest received		5.810.186	4.812.621
Dividend income received	37.ii.d	10.634.856	8.609.396
Purchases of property, plant and equipment and intangible assets	18-19	(5.478.474)	(2.670.957)
Proceeds from property, plant and equipment sales		128.278	131.505
(Increase)/ decrease in non-trade due from related parties	37	(25.439.587)	7.577.098
Net cash (used in)/ generated from investing activities		**(14.344.741)**	**18.459.663**
Financing activities:			
Increase in financial liabilities	8	21.201.596	78.095
Increase in non-trade due to related parties	37	80.400	780.025
Dividends paid	37.ii.k	(33.367.950)	(31.634.550)
Interest paid		(1.762.579)	(1.737.281)
Net cash used in financing activities		**(13.848.533)**	**(32.513.711)**
Increase/ (decrease) in cash and cash equivalent-net		**2.373.880**	**(512.290)**
Cash and cash equivalents at 1 January		1.754.607	2.266.855
Effect of foreign exchange on cash and cash equivalents		3.391	42
Cash and cash equivalents at 31 December	**6**	**4.131.878**	**1.754.607**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is a member of Yaşar Group. Majority of the Company's sales in the domestic market amounting approximately 79%, (2010: 82%) are made to its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), and majority of the exports are made to Yaşar Dış Ticaret A.Ş. ("Yataş"), which are both Yaşar Group companies (Note 37).

The Company is subject to the regulations of the Capital Market Board ("CMB") and 33% (2010: 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 (2010: 54%) (Note 27).

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

Ankara Asfaltı 25. Km,
Kemalpaşa
İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

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

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

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

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

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

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

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

2.2 Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations adopted by the Company:

The Company has adopted the following new and amended standards as of 1 January 2011:

- IAS 24 (Revised), "Related Party Disclosures" supersedes IAS 24, "Related Party Disclosures", issued in 2003. IAS 24 (revised) is mandatory for annual periods beginning on or after 1 January 2011. This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party. The amendment has no material impact on the financial statements of the Company.

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

c) Standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted by the Company:

- Amendment to IAS 19, "Employee Benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- IAS 1 (Amendment), "Financial Statement Presentation" is effective for annual periods beginning on or after 1 January 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially recycled to profit or loss. The amendment does not provide information about which accounts or financial statement line item should be included in other comprehensive income.
- IRS 7 (Amendment), "Financial Instruments: Disclosures" is effective for annual periods beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.
- IFRS 9, "Financial Instruments" is not applicable until 1 January 2015 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets. "Impairment of financial assets" and IAS 39 hedge accounting provisions relating to the implementation are ongoing.
- IFRS 12, "Disclosures of Interests in Other Entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose instruments and other off balance sheet instruments.

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

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

- IFRS 13, "Fair Value Measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 28, "Associates and Joint Ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The above amendments, new standards and interpretations are expected to have no material effect on the financial statements of the Company.

d) New standards, amendments and interpretations to existing standards that are not yet effective in 2011 and not adopted by the Company:

- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
- IAS 12 (Amendment), "Income Taxes" is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.
- IFRS 10, "Consolidated Financial Statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, "Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is no longer allowed.
- IAS 27, "Separate Financial Statements" is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

2.3 Basis of Consolidation

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

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

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

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

The table below sets out the associates and the proportion of ownership interest as of 31 December 2011 and 2010 (Note 16):

	Shareholding (%)	
	2011	**2010**
Investments-in-associates		
YBP	38,05	38,26
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23,38	23,38
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94
Pınar Anadolu Gıda Sanayi ve Ticaret A.Ş. ("Pınar Anadolu") (*)	-	20,00
Desa Enerji Elektrik Üretimi Otoprodüktör Grubu ("Desa Enerji")	26,41	26,41

(*) Pınar Anadolu legally merged with YBP based on the financial statements as of 30 November 2011, where all the assets and liabilities of Pınar Anadolu were acquired by YBP in accordance with Turkish Commercial Code and Corporate Tax Law, 451th article. Merge agreement was register with the decision of Izmir Commercial Court of First Instance on 28 December 2011 and issued Trade Registry Gazette numbered 7971 (Note 16).

Foreign currency translation

i) Transactions and balances

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

ii) Translation of financial statements of foreign associate

Financial statements of Pınar Foods operating in Germany are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period. As of 31 December 2011, the equivalent of EUR1 is TL2,4438 (2010: TL2,0491) and for the year then ended, the average equivalent of EUR1 is TL2,3229 (2010: TL1,9894). Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

2.4 Offsetting

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

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

2.5 Comparable Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2011 on a comparative basis with balance sheet at 31 December 2010; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2011 on a comparative basis with financial statements for the period of 1 January - 31 December 2010.

2.6 Summary of Significant Accounting Policies

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

2.6.1 Revenue recognition

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

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

2.6.2 Inventories

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

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

2.6.3 Property, plant and equipment

As of 31 December 2011, land, land improvements and buildings and machinery and equipment are stated at fair value, based on valuations by external independent valuers namely Elit Gayrimenkul Değerleme A.Ş., and Vakıf Gayrimenkul Değerleme A.Ş. Property, plant and equipment except for land, land improvements and buildings and machinery and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortisation and impairment losses, if any (Note 18).

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

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

Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to accumulated losses, and the amount transferred is net of any related deferred income tax.

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

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

	Years
Buildings and land improvements	15-50
Machinery and equipments (including leased machinery and equipment)	5-30
Furniture and fixtures	5-10
Leased furniture and fixtures	4-10
Motor vehicles (including leased motor vehicles)	5

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

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

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

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

2.6.4 Intangible assets

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

2.6.5 Impairment of assets

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

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

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

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

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

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

2.6.6 Borrowing and borrowing cost

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

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

2.6.7 Financial assets

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

a) Loans and receivables

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

b) Available-for-sale investments

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

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

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

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

2.6.8 Earnings per share

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

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

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

2.6.9 Subsequent events

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

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

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

2.6.10 Provisions, contingent liabilities and contingent assets

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

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

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

2.6.11 Accounting policies, errors and change in accounting estimates

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

2.6.12 Related parties

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

2.6.13 Segment reporting

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

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

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

2.6.14 Leases

(1) The Company as the lessee

Finance Leases

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

Operating Leases

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

(2) The Company as the lessor

Operating Leases

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

2.6.15 Taxation on income

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

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

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

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

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

2.6.16 Provision for employment termination benefits

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

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

2.6.17 Statement of cash flow

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

2.6.18 Share capital and dividends

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

2.6.19 Derivative financial instruments

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

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

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

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

2.6.20 Critical accounting estimates and judgements

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

a) Income taxes

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

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

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

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

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

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

As of 31 December 2011, land, land improvements and buildings and machinery and equipment are stated at fair value, based on valuations by external independent valuers. As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions;

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

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS

None (2010: None).

NOTE 4 - JOINT VENTURES

Note (2010: None).

NOTE 5 - SEGMENT REPORTING

Please see Note 2.6.13

NOTE 6 - CASH AND CASH EQUIVALENT

	31 December 2011	31 December 2010
Cash in hand	57.062	25.522
Banks	4.074.816	1.729.085
- demand deposits	285.816	429.085
- time deposits	3.789.000	1.300.000
	4.131.878	**1.754.607**

As of 31 December 2011, time deposits amounting to TL3.789.000 (2010: TL1.300.000) mature less than one month (2010: less than one month) and bear the effective weighted average interest rates of 11,40% per annum ("p.a") (2010: 8,25% p.a).

Demand deposits at 31 December 2011 include foreign currency denominated balances comprised of USD4.526, equivalent of TL8.549 (2010: USD7.729, equivalent of TL11.949), whereas cash in hand at 31 December 2011 comprised of USD1.910 and EUR3.000, equivalent of TL10.939 (2010: USD2.657 and EUR3.390, equivalent of TL11.054).

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

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NOTE 7 - FINANCIAL ASSETS

a) Available-for-sale investments:

	31 December 2011		31 December 2010	
	TL	**%**	**TL**	**%**
Yataş	346.278	1,76	459.780	1,76
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	57.093	1,33	60.006	1,33
	403.371		**519.786**	

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

As of 31 December 2011 and 2010, the discount and growth rates used in discounted cash flow models are as follows;

	Discount rate		Growth rate	
	2011	**2010**	**2011**	**2010**
Bintur	11,06%	11,70%	1%	1%
Yataş	9,07%	9,68%	0%	0%

Movements of available-for-sale investments in 2011 and 2010 are as follows;

	2011	**2010**
1 January	**519.786**	**432.083**
Fair value (loss)/ gain of Yataş	(113.502)	90.089
Fair value loss of Bintur	(2.913)	(2.386)
31 December	**403.371**	**519.786**

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NOTE 7 - FINANCIAL ASSETS (Continued)

Movements of fair value reserve of available-for-sale investments in 2011 and 2010 are as follows:

	2011	2010
1 January	**123.518**	**53.356**
(Decrease)/ increase in fair value - net	(116.415)	87.703
Deferred income tax effect on fair value reserve of available-for-sale investments (Note 35)	23.283	(17.541)
31 December	**30.386**	**123.518**

b) Other financial assets

As of 31 December 2011, other financial assets amounting to TL2.345.784 (2010: TL293.750) consist of receivables from derivative financial instruments, and have been further disclosed in Note 8.

NOTE 8 - FINANCIAL LIABILITIES

	31 December 2011	31 December 2010
Short-term bank borrowings	21.922.678	460.351
Short-term portion of long-term bank borrowings	231.629	178.340
Derivative financial assets	(2.345.784)	(293.750)
Short-term financial liabilities ve derivative financial assets	**19.808.523**	**344.941**
Long-term bank borrowings	12.219.000	10.245.500
Long-term financial liabilities and derivative financial assets	**12.219.000**	**10.245.500**
Total financial liabilities and derivative financial assets	**32.027.523**	**10.590.441**

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

a) Bank borrowings and other financial liabilities:

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Short-term bank borrowings:						
EUR borrowings (*)	5,54	-	5.049.684	-	12.340.418	-
USD borrowings (**)	6,20	-	5.072.931	-	9.582.260	-
TL borrowings (***)	-	-	-	460.351	-	460.351
					21.922.678	**460.351**
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings	7,34	6,74	94.782	87.033	231.629	178.340
Total short-term bank borrowings					**22.154.307**	**638.691**
Derivative financial assets:						
Cross currency swaps	-	-	(2.345.784)	(293.750)	(2.345.784)	(293.750)
Total short-term bank borrowings and derivative financial assets					**19.808.523**	**344.941**
Long-term bank borrowings:						
EUR borrowings (****)	7,34	6,74	5.000.000	5.000.000	12.219.000	10.245.500
Total long-term bank borrowings					**12.219.000**	**10.245.500**

(*) As of 31 December 2011, EUR denominated short-term bank borrowings with quarterly floating interest rate with Euribor +3,75% p.a. (2010: None).
(**) As of 31 December 2011, USD denominated short-term borrowings with fixed interest rate with 6,20% p.a. (2010: None).
(***) As of 31 December 2011, there are no TL short-term bank borrowings (2010: TL short-term borrowings consist of spot borrowing without interest charge).
(****) As of 31 December 2011, EUR denominated long-term borrowings with semi-annually floating interest rate Euribor + 5,60% p.a. (2010: EUR denominated long-term bank borrowings with semi-annually floating interest rate Euribor + 5,60% p.a.).

Based on the loan agreement undersigned on 27 September 2006 between the Company and Morgan Stanley Bank International Limited, the Company received a borrowing EUR5.000.000 with a maturity date of 27 September 2013 and with an interest rate of Euribor +5,60% p.a. Yaşar Holding A.Ş., Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Süt Mamülleri Sanayii A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret have undersigned this loan agreement as the guarantors of this borrowing obtained. With respect to a long term borrowing of EUR5.000.000, the Company signed a cross currency swap agreement with Morgan Stanley & Co. International Limited together with the undersigned International Limited and International Swaps and Derivatives Association ("ISDA") master agreements, related appendices and corresponding swap confirmation documents. In line with this agreement, the Company swapped the borrowing amounting to EUR5.000.000 with the interest rate of Euribor + 5,60% p.a. with a currency swap amounting to TL9.745.000, using the interest rate of TL swap curve + 8,50% p.a. The gain or loss relating to the cross currency swaps is recognized in the statements of comprehensive income in finance income and finance expenses. The notional principal amount of the cross currency swap amounts to TL21.964.000 as at 31 December 2011. (2010: TL19.990.500)

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

NOTE 8 - FINANCIAL LIABILITIES (Continued)

The loan agreements signed with Morgan Stanley International Limited is subject to covenant clauses, whereby Yaşar Holding, is required to meet certain key performance indicators. Considering the non-compliance with the certain key performance indicators for 2011, Yaşar Holding obtained a waiver from Morgan Stanley International Limited on 23 December 2011 stating that the Group will continue to make its payments in line with the original redemption schedule, which is in 2013, and conditions as stated in the loan agreement.

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

The redemption schedule of long-term bank borrowings at 31 December 2011 and 2010 is as follows:

	31 December 2011	**31 December 2010**
2013	9.745.000	9.745.000
	9.745.000	**9.745.000**

As of 31 December 2011 and 2010, the carrying amounts of the bank borrowings with floating and fixed rates, which were classified in terms of periods remaining to contractual repricing dates, are as follows:

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

	Up to 3 months	**Total**
- 31 December 2010:		
Bank borrowings with floating rates	10.130.090	10.130.090
Bank borrowings with fixed rates	-	460.351
Total		**10.590.441**

According to the interest rate sensitivity analysis performed at 31 December 2011, if interest rates on bank borrowings had been 1% higher while all other variables being constant, net profit for the year would be TL25.175 (2010: TL24.904) lower as a result of additional interest expense that would be incurred on bank borrowings with floating rates.

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

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

	Carrying Amounts		Fair Values	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Bank borrowings other financial liabilities-net	32.027.523	10.590.441	31.278.378	10.522.219

The fair values are based on cash flows discounted using the rate based on the borrowing rate of 16,58%, 4,62% and 4,75% p.a. respectively for TL, EUR and USD denominated bank borrowings as of 31 December 2011 (2010: 14,40% p.a. for EUR borrowings swapped to TL).

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2010: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
a) Short-term trade receivables:		
Customer current accounts	10.752.813	5.230.965
Cheques and notes receivable	5.797.349	2.660.125
	16.550.162	**7.891.090**
Less: Provision for impairment of receivables	(303.499)	(303.499)
Unearned finance income	(176.869)	(52.365)
	16.069.794	**7.535.226**

The effective weighted average interest rate on TL denominated trade receivable is 11,00% p.a as of 31 December 2011. (2010: 6,71%) maturing within one month (2010: within one month).

The agings of trade receivables as of 31 December 2011 and 2010, over which no provision for impairment is provided, are as follows:

	31 December 2011	31 December 2010
Overdue	688.207	136.241
0-30 days	7.925.835	3.125.215
31-60 days	5.761.100	3.741.860
61-90 days	505.400	327.910
91 days and over	1.189.252	204.000
	16.069.794	**7.535.226**

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

As of 31 December 2011, trade receivables of TL688.207 (2010: TL136.241), over which no provision for impairment is provided, were past due. The Company management does not expect any collection risk regarding those receivables based on its past experience (Note 38.a).

The aging of overdue receivables as of 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
0-30 days	688.207	136.241
	688.207	**136.241**

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

	2011	2010
1 January	**(303.499)**	**(313.018)**
Collections (Note 31.a)	-	1.780
Charge to the statement of comprehensive income (Note 31.b)	-	7.739
31 December	**(303.499)**	**(303.499)**

	31 December 2011	31 December 2010
b) Short-term trade payables		
Supplier current accounts	44.835.108	30.839.681
Cheques	925.335	-
	45.760.443	**30.839.681**
Less: Unincurred finance cost	(180.728)	(71.140)
	45.579.715	**30.768.541**

As of 31 December 2011 and 2010, the effective weighted average interest rate TL, USD and EUR denominated on short-term trade payables are as below:

	31 December 2011	31 December 2010
TL denominated trade payables	11,00%	6,66%
USD denominated trade payables	0,36%	0,23%
EUR denominated trade payables	1,04%	0,71%

Trade payables mature within one month (2010: one month).

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
a) Other short-term receivables:		
VAT receivables	1.673.609	1.388.965
Other	32.752	147.629
	1.706.361	**1.536.594**
b) Long-term other receivables		
Deposits and guarantees given	**131**	**131**
c) Short-term other payables		
Deposits and guarantees received	**102.106**	**12.368**

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2010: None).

NOTE 13 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials	6.516.345	4.436.256
Raw materials in transit	1.350.074	1.700.769
Work in progress	12.709.387	22.639.752
Finished goods	8.579.234	9.988.542
Spare parts	2.716.504	2.324.007
Other (*)	417.792	255.335
	32.289.336	**41.344.661**

(*) Other stocks mainly consists of palettes.

The costs of inventories recognised as expense and included in cost of sales amounted to TL283.014.775 (2010: TL256.575.488) (Note 30). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell as of 31 December 2011.

NOTE 14 - BIOLOGICAL ASSETS

None (2010: None).

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

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES

None (2010: None).

NOTE 16 - INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

Investments-in-associates:

	31 December 2011		31 December 2010	
	TL	%	TL	%
YBP	82.486.931	38,05	83.261.009	38,26
Çamlı Yem	19.455.048	23,38	16.763.846	23,38
Desa Enerji	4.858.544	26,41	3.330.088	26,41
Pınar Foods	3.697.508	44,94	2.790.087	44,94
Pınar Anadolu (*)	-	-	694.615	20,00
	110.498.031		**106.839.645**	

(*) Please refer to Note 2.3.

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

	2011	2010
1 January	**106.839.645**	**100.088.827**
Increase in fair value reserves- net	810.973	2.967.409
Share of profit before taxation of investments-in-associates - net	11.458.804	15.652.270
Share of income taxation on investments-in-associates	(2.291.760)	(3.130.454)
Increase in revaluation reserve of investments-in-associates - net	3.769.839	-
Cash flow hedge - net	(162.253)	-
Dividend income from investments-in-associates	(10.632.887)	(8.609.396)
Currency translation reserve	685.980	(98.774)
Inventory profit elimination	19.690	(30.237)
31 December	**110.498.031**	**106.839.645**

The Company acquired 23% (equivalent to 4.601.731.996 units of shares) and 6% (equivalent to 4.801.800.000 units of shares) of YBP shares in 2004 and in 2005, in consideration of TL25.175.996 and TL8.167.862 respectively. Together with these acquisitions, the shares of the Company in YBP increased from 9,36% to 32,26% and then, to 38,26% gradually. The fair values regarding to purchases of 23% and 6% of YBP shares are based on the valuation range determined by an independent valuer.

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

The distribution network, which is a component of fair value and stated in the financial statements as a result of acquisition of the associate, is not capable of being separated or divided from the entity and sold, transferred, licensed or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations, thus it is included in the goodwill generated from the acquisition. As of 31 December 2011, distribution network and the goodwill amounted to TL39.162.384 (2010: TL39.162.384). As of 31 December 2011, the Company performed an impairment test for the distribution network and goodwill in accordance with IAS 36 by using discounted cash flow method, and based on the impairment test, no impairment has been identified. The discount rate applied for the discounted cash flow is 10,06% p.a. whereas the growth rate is 1% p.a. (2010: The discount rate applied for the discounted cash flow is 10,70% p.a. whereas the growth rate is 1% p.a.).

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

	2011	2010
1 January	**5.451.932**	**2.484.523**
Change in fair value- net (Çamlı Yem)	47.044	210.250
Change in fair value- net (YBP)	763.929	2.757.159
31 December	**6.262.905**	**5.451.932**

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

	31 December 2011			31 December 2010		
	Assets	Liabilities	Profit for the year	Assets	Liabilities	Profit/ (loss) for the year
- YBP	344.096.708	229.684.187	20.944.618	297.470.094	181.601.982	34.268.829
- Çamlı Yem	174.364.619	91.152.267	2.323.938	149.014.129	77.312.478	(9.103.766)
- Desa Enerji	21.536.172	3.139.566	1.017.269	14.369.252	1.760.059	3.994.245
- Pınar Foods	9.704.011	1.476.356	858.076	6.895.836	687.365	522.603
- Pınar Anadolu	-	-	-	5.961.165	2.488.090	1.246.423

NOTE 17 - INVESTMENT PROPERTY

None (2010: None).

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2011 Opening	Additions	Disposals	Transfers	Revaluation	Reversal of impairment (Not 31.b)	31 December 2011 Closing
Cost/ revaluation:							
Land	48.851.000	-	-	-	5.965.000	-	54.816.000
Buildings and land improvements	67.688.391	197.152	-	486.737	10.040.897	-	78.413.177
Machinery and equipment	123.632.626	2.939.051	(98.033)	93.848	17.567.486	92.198	144.227.176
Leased machinery and equipment	3.096.753	-	-	-	-	-	3.096.753
Furniture and fixtures	27.411.940	1.485.322	(105.883)	-	-	-	28.791.379
Leased furniture and fixtures	1.100.261	-	-	-	-	-	1.100.261
Motor vehicles	2.104.029	23.998	(92.941)	-	-	-	2.035.086
Leased motor vehicles	44.015	-	-	-	-	-	44.015
Construction in progress	38.548	707.152	-	(580.585)	-	-	165.115
	273.967.563	**5.352.675**	**(296.857)**	**-**	**33.573.383**	**92.198**	**312.688.962**
Accumulated depreciation:							
Buildings and land improvements	(26.332.694)	(1.430.483)	-	-	-	-	(27.763.177)
Machinery and equipment	(88.590.592)	(4.675.986)	7.352	-	-	-	(93.259.226)
Leased machinery and equipment	(1.723.343)	(444.533)	-	-	-	-	(2.167.876)
Furniture and fixtures	(21.517.599)	(1.290.019)	97.557	-	-	-	(22.710.061)
Leased furniture and fixtures	(666.519)	(74.429)	-	-	-	-	(740.948)
Motor vehicles	(1.910.026)	(91.617)	92.607	-	-	-	(1.909.036)
Leased motor vehicles	(44.015)	-	-	-	-	-	(44.015)
	(140.784.788)	**(8.007.067)**	**197.516**	**-**	**-**	**-**	**(148.594.339)**
Net book value	**133.182.775**						**164.094.623**

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2010 Opening	Additions	Disposals	Transfers	31 December 2010 Closing
Cost/ valuation:					
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
	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)	(102.258)	117.498	-	(1.910.026)
Leased motor vehicles	(44.015)	-	-	-	(44.015)
	(133.665.889)	**(7.849.692)**	**730.793**	**-**	**(140.784.788)**
Net book value	**138.436.308**	**-**	**-**	**-**	**133.182.775**

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

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2011 and 2010, the Company has no mortgages given for loans obtained from several financial institutions (2010: None).

Current year's depreciation and amortisation charges were allocated to cost of goods sold by TL6.122.686 (2010: TL5.995.861), to the cost of inventories by TL116.641 (2010: TL115.532), to general administrative expenses by TL539.359 (2010: TL551.797) (Note 29), to selling and marketing expenses by TL1.056.511 (2010: TL996.891) (Note 29), to research and development expenses by TL213.012 (2010: TL203.886) (Note 29).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipments as of 31 December 2011 and 2010 were as follows:

	2011	2010
1 January	**73.292.549**	**77.326.510**
Depreciation transfer upon revaluation reserve	(3.025.398)	(3.005.930)
Deferred income tax calculated on depreciation transfer transferred to retained earnings	605.080	601.186
Depreciation transfer of investments-in-associates - net	(1.084.232)	(1.629.217)
Increase in revaluation reserve arising from revaluation of machinery and equipment	17.567.486	-
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements	16.005.897	-
Deferred income tax calculated on increase in revaluation reserve (Note 35)	(5.819.927)	-
Increase in revaluation reserves of investments-in-associates - net	3.769.839	-
31 December	**101.311.294**	**73.292.549**

The carrying amounts of each class of property, plant and equipments that would have been recognised if the assets have been carried under the cost model at 31 December 2011 and 2010, are as follows:

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

31 December 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)	(75.955.729)
Net book value	**11.383.443**	**12.774.104**	**20.304.413**

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

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NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2011 and 2010 were as follows:

	1 January 2011 Opening	Additions	31 December 2011 Closing
Costs:			
Rights	16.533.886	125.799	16.659.685
Accumulated amortisation	(16.477.381)	(41.142)	(16.518.523)
Net book value	**56.505**	**84.657**	**141.162**

	1 January 2010 Opening	Additions	31 December 2010 Closing
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**

NOTE 20 - GOODWILL

None (2010: None).

NOTE 21 - GOVERNMENT GRANTS

In the scope of Turquality Project implemented in 2010 and 2011 by Undersecretariat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL83.806 (2010: TL232.965) government incentive. The incentive amount is accounted as other income.

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	31 December 2011	31 December 2010
a) Short-term provisions:		
Management bonus accruals	864.241	856.946
Provision for seniority incentive bonus	86.964	60.263
Provision for litigations	60.200	60.200
Other	-	30.065
	1.011.405	**1.007.474**

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

	2011	2010
1 January	**856.946**	**1.000.000**
Provision for management bonus (Note 29.c)	500.000	500.000
Payment of management bonus	(492.705)	(643.054)
31 December	**864.241**	**856.946**

b) Long-term provisions:

Provisions for seniority incentive bonus	**208.512**	**182.240**

c) Guarantees given:

Bails	690.513.500	621.984.497
Letters of guarantee	781.289	1.006.850
	691.294.789	**622.991.347**

As of December 2011 and 2010, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş. ve Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. for repayment of borrowings obtained by Yaşar Group companies from international capital markets amounting to EUR70.000.000 and USD275.000.000, equivalent of TL690.513.500 (2010: EUR96.059.000 and USD275.000.000, equivalent of TL621.984.497).

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

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2011 and 2010 were as follows:

	31 December 2011			31 December 2010		
	Currency	**Amount**	**TL Equivalent**	**Currency**	**Amount**	**TL Equivalent**
CPM provided by the Company:						
A. Total amount of CPM given for the Company's own legal personality	TL	781.289	781.289	TL	1.006.850	1.006.850
B. Total amount of CPM given on behalf of fully consolidated companies		-	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties		-	-	-	-	-
D. Total amount of other CPM			690.513.500			621.984.497
i. Total amount of CPM given to on behalf of the majority shareholder			472.225.000			542.352.497
	USD	250.000.000	472.225.000	USD	250.000.000	386.500.000
	EUR	-	-	EUR	76.059.000	155.852.497
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C			218.288.500			79.632.000
	USD	25.000.000	47.222.500	USD	25.000.000	38.650.000
	EUR	70.000.000	171.066.000	EUR	20.000.000	40.982.000
iii. Total amount of CPM given on behalf of third parties which are not in scope of C		-	-		-	-
TOTAL			**691.294.789**			**622.991.347**
Total amount of other CPM/Equity			222%			221%

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

	31 December 2011			31 December 2010		
	Currency	**Amount**	**TL Equivalent**	**Currency**	**Amount**	**TL Equivalent**
d) Guarantees received:						
Bails	EUR	5.000.000	12.219.000	EUR	5.000.000	10.245.500
Mortgages	TL	562.000	562.000	TL	538.210	538.210
Letters of guarantee	TL	436.000	436.000	TL	767.000	767.000
	EUR	57.360	140.176	EUR	13.500	27.663
Guarantee notes	USD	59.000	111.445	USD	59.000	91.213
	TL	-	-	TL	12.038	12.038
			13.468.621			**11.681.624**

e) Contingent liabilities

Based on negotiations with Kemalpaşa Municipality Housing Department regarding the 1/1000 scaled building development scheme dated 27 February 2008, it has been identified that the plots in Kemalpaşa - İzmir, the site of the Company's land, buildings and land improvements, are located within an industrial zone. As of 31 December 2011, the fair value of the aforementioned properties located on the plots amounts to TL91.650.000. This plan was announced by the Industry and Trade Office of İzmir within July 2008. If the building development scheme comes into force, Kemalpaşa Municipality may reduce the legal area on the title deeds of those properties. In consideration of time consuming process, it is not possible to make a reliable estimation therefore the amount of any possible reduction over those plots cannot be reliably estimated. The Company management assumes that the impact of such reduction will be immaterial to the financial statements.

f) Major litigations

Based on the result of the tax inspection by Ministry of Finance, İzmir Hasan Tahsin Tax Office initiated a legal action against the Company and charged tax penalties amounting to TL1.628.950 comprising of TL659.119 VAT penalty and TL969.831 tax loss penalty for the transactions in fiscal years inbetween 2006 and 2011. The Company applied to İzmir Tax Court for cancellation of those tax penalties. As of 31 December 2011, the lawsuit is still pending. The Company management and legal counselor of the Company believe that the likelihood of losing the cases is considered to be remote. As a result, no provision was accounted for in the financial statements as of 31 December 2011.

NOTE 23 - COMMITMENTS

As of 31 December 2011, the Company has purchase commitments amounting to TL499.078, equivalent of EUR204.222 relating to 454.393 m^2 of packaging material (2010: TL390.780, equivalent of EUR190.708 relating to 449.783 m^2 of packaging material).

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NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2011	31 December 2010
Provision for employment termination benefits	6.877.385	6.335.054
	6.877.385	**6.335.054**

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

The amount payable consists of one month's salary limited to a maximum of TL2.731,85 for each year of service as of 31 December 2011. (2010: TL2.517,01). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL2.731,85 which is effective from 1 January 2012 (2010: TL2.623,23) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	31 December 2011	31 December 2010
Discount rate (%)	4,66	4,66
Probability of retirement (%)	98,64	98,62

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

	2011	2010
1 January	**6.335.054**	**4.956.437**
Interest costs	295.214	230.970
Actuarial losses	348.933	733.349
Paid during the year	(818.595)	(411.204)
Annual charge	716.779	825.502
31 December	**6.877.385**	**6.335.054**

The total of interest costs, actuarial losses and annual charge for the year amounting to TL1.360.926 (2010: TL1.789.821) was included in general administrative expenses (Note 29).

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NOTE 25 - PENSION PLANS

None (2010: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
a) Other current assets:		
Prepaid expenses	1.275.496	1.198.875
Tax and funds deductible	586.094	1.715.607
Order advances given	384.323	297.134
Income accrual	177.419	243.242
Other	29.436	20.739
	2.452.768	**3.475.597**
b) Other non-current assets:		
Advances for property, plant and equipment purchases	109.546	613.599
Other	26.178	26.178
	135.724	**639.777**
c) Other current liabilities:		
Taxes payable - not netted off yet	1.673.609	660.898
Witholding taxes and fund payable	1.332.951	1.013.907
Order advances received	233.959	4.099
Expense accrual	20.996	12.068
Payable to personnel	1.824	1.259
Other	17.774	12.614
	3.281.113	**1.704.845**

NOTE 27 - EQUITY

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1. The Company's historical authorised registered capital at 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
Registered share capital (historical values)	100.000.000	100.000.000
Authorised registered share capital with a nominal value	43.335.000	43.335.000

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NOTE 27 - EQUITY (Continued)

The compositions of the Company's share capital at 31 December 2011and 2010 were as follows:

	31 December 2011		31 December 2010	
	Share (%)	**TL**	**Share (%)**	**TL**
Yaşar Holding (A, B)	54	23.476.893	54	23.476.893
Pınar Süt (A, B)	13	5.451.752	13	5.451.752
Public quotation (A, B)	33	14.406.355	33	14.406.355
Share capital		**43.335.000**		**43.335.000**
Adjustment to share capital		37.059.553		37.059.553
Total paid-in capital		**80.394.553**		**80.394.553**

Adjustment to share capital amounting to TL37.059.553 (2010: TL37.059.553) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

As of 31 December 2011, there are 43.335.000 (2010: 43.335.000) units of shares with a face value of TL1 (2010: TL1) each. The Company's capital is composed of 15,000 units of A type registered share and, 43.320.000 units of B type bearer share, and the B type bearer shares are traded on ISE. The shareholders of A type registered shares are granted a privilege for voting in general assembly and to nominate a candidate to 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.

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 31 December 2011, the restricted reserves of the Company amount to TL19.928.250 (2010: TL15.063.386). The unrestricted reserves of the Company, amounting to TL38.574.051 (2010: TL38.318.400), is classified in the "Retained Earnings".

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

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

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

Based on the decision of General Assembly meeting on 12 May 2011, the Company has distributed net income for the year 2010 amounting TL33.367.950 as dividend. (2010: TL31.634.550). In context of this dividend distribution, Company separate TL4.864.864 from 2010 profit (2010: TL4.927.688) as "Restricted Reserve".

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

	31 December 2011	31 December 2010
Extraordinary reserves	32.722.647	32.466.996
Retained earnings	8.277.213	8.269.919
Profit for the year	32.495.678	38.988.465
	73.495.538	**79.725.380**

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NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2011	1 January - 31 December 2010
Domestic sales	477.025.083	439.341.064
Export sales	5.731.901	5.378.730
Gross Sales	**482.756.984**	**444.719.794**
Less: Discounts	(87.139.196)	(81.737.560)
Returns	(11.952.250)	(10.181.510)
Net Sales	**383.665.538**	**352.800.724**
Cost of sales (-)	**(323.392.020)**	**(292.876.201)**
Gross Profit	**60.273.518**	**59.924.523**

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

	1 January - 31 December 2011	1 January - 31 December 2010
a) Research and development expenses:		
Staff costs	414.104	402.318
Depreciation and amortisation	213.012	203.886
Material costs	190.887	130.087
Other	138.365	137.323
	956.368	**873.614**
b) Marketing, selling and distribution expenses:		
Advertisement	12.974.053	7.728.330
Staff costs	2.510.897	2.199.992
Utilities	1.311.846	1.298.903
Depreciation and amortisation	1.056.511	996.891
Repair and maintenance	1.036.541	899.892
Outsourced services	839.853	765.675
Other	1.082.360	893.201
	20.812.061	**14.782.884**

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

	1 January - 31 December 2011	1 January - 31 December 2010
c) General administrative expenses:		
Consultancy charges	5.337.809	4.783.077
Staff costs	4.281.658	3.607.918
Employment termination benefits	1.360.926	1.789.821
Outsourced services	700.206	644.310
Depreciation and amortisation	539.359	551.797
Management bonus	500.000	500.000
Repair and maintenance	278.139	251.435
Utilities	241.470	214.351
Taxes (Corporate Tax excluded)	223.686	247.088
Other	1.005.771	1.172.532
	14.469.024	**13.762.329**
Total operating expenses	**36.237.453**	**29.418.827**

NOTE 30 - EXPENSE BY NATURE

	1 January - 31 December 2011	1 January - 31 December 2010
Direct material costs	283.014.775	256.575.488
Staff costs	25.002.133	21.046.113
Advertisement	12.974.053	7.728.330
Depreciation and amortisation	8.047.100	7.748.435
Utilities	7.973.211	7.907.041
Outsourced services	7.416.827	7.554.246
Consultancy charges	5.340.480	4.785.754
Repair and maintenance	3.895.568	3.095.884
Rent	1.574.344	1.008.389
Employment termination benefits	1.360.926	1.789.821
Taxes, dues and fees	282.321	308.870
Insurance	90.288	145.088
Other	2.657.447	2.601.569
	359.629.473	**322.295.028**

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NOTE 31 - OTHER OPERATING INCOME/ EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
a) Other operating income:		
Rent income	563.157	657.025
Income from sales of scrap	260.806	118.235
Government grants	179.904	237.613
Reversal of impairment on property plant and equipment	92.198	-
Income from sales of property, plant and equipment	28.937	119.787
Reversal of bad debt provision	-	1.780
Other	126.846	171.744
	1.251.848	**1.306.184**
b) Other operating expense:		
Donations	(1.044.453)	(974.775)
Penalties	(285.720)	-
Bad debt expense	-	(7.739)
Other	(369.417)	(68.542)
	(1.699.590)	**(1.051.056)**

NOTE 32 - FINANCIAL INCOME

	1 January - 31 December 2011	1 January - 31 December 2010
Interest income	3.889.559	4.795.335
Foreign exchange gain	3.574.287	187.799
Bail income (Note 37.ii.c)	1.131.429	923.546
Interest income on term purchase	471.633	373.517
	9.066.908	**6.280.197**

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NOTE 33 - FINANCIAL EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
Foreign exchange loss	(3.681.596)	(343.793)
Interest expense on borrowings	(1.998.065)	(1.719.995)
Interest expense on term sales	(687.832)	(397.348)
Bail expense (Note 37.ii.i)	(149.410)	(106.569)
Other	(75.223)	(64.245)
	(6.592.126)	**(2.631.950)**

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

None (2010: None).

NOTE 35 - TAX ASSETS AND TAX LIABILITIES

As of 31 December 2011 and 2010, corporation taxes currently payable are as follows:

	31 December 2011	31 December 2010
Corporation taxes currently payable	6.169.970	8.142.257
Less: Prepaid corporate tax	(5.194.184)	(6.098.714)
Current income tax liabilities	**975.786**	**2.043.543**

Corporation tax is payable at a rate of 20% for 2011. (2010: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

Dividends paid ton on-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to witholding tax. Otherwise, dividends paid are subject to witholding tax at the rate of 15% (2010: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur witholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2010: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2010: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

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

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

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

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

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

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

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

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

Transfer Pricing

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

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

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

Taxation on income in the statement of comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Current corporation tax expense	(6.169.970)	(8.142.257)
Deferred tax income	671.698	743.101
Taxation on income	**(5.498.272)**	**(7.399.156)**

	1 January - 31 December 2011	1 January - 31 December 2010
Profit before tax	**35.230.149**	**46.930.887**
Tax calculated at tax rates applicable to the profit	(7.046.030)	(9.386.177)
Expenses not deductible for tax purposes	(91.229)	(182.231)
Tax effect upon the results of investments-in-associates	1.833.409	2.504.363
Other	(194.422)	(335.111)
Total taxation on income	**(5.498.272)**	**(7.399.156)**

Deferred income taxes

The company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future periods under the liability method using a principal tax rate of 20% (2010: 20%).

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/ (liabilities) provided at 31 December 2011 and 2010 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		Deferred income tax assets/ (liabilities)	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
Revaluation of property, plant and equipment	112.708.166	82.160.181	(16.026.750)	(10.811.903)
Restatement differences on tangible and intangible assets	2.430.729	2.655.420	(486.146)	(531.084)
Provision for employment termination benefits	(6.877.385)	(6.335.054)	1.375.477	1.267.011
Available for sale investments	(1.817.417)	(1.701.002)	363.483	340.200
Other	(691.227)	(1.125.153)	138.245	225.031
Deferred income tax assets			1.877.205	1.832.242
Deferred income tax liabilities			(16.512.896)	(11.342.987)
Deferred income tax liabilities- net			**(14.635.691)**	**(9.510.745)**

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

	2011	**2010**
1 January	**(9.510.745)**	**(10.236.305)**
Charged to fair value reserve of available-for-sale investments (Note 7.a)	23.283	(17.541)
Credited to statement of comprehensive income	671.698	743.101
Deferred tax on revaluation reserve	(5.819.927)	-
31 December	**(14.635.691)**	**(9.510.745)**

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NOTE 36 - EARNINGS PER SHARE

		1 January - 31 December 2011	1 January- 31 December 2010
Profit for the period	A	29.731.877	39.531.731
Weighted average number of shares (Note 27)	B	43.335.000	43.335.000
Earnings per share with a TL1 face value	**A/B**	**0,6861**	**0,9122**

There are no differences between basic and diluted earnings per share. As of 31 December 2011, Board of Directors, do not accounted any dividend.

NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2011 and 2010 are as follows:

i) Balances with related parties:

	31 December 2011	31 December 2010
a) Trade receivables from related parties- current:		
YBP	32.176.892	23.313.554
Yataş	1.117.545	555.663
	33.294.437	**23.869.217**
Less: Unearned finance income	(350.970)	(176.869)
	32.943.467	**23.692.348**

The effective weighted average interest rate on TL denominated short-term trade receivable is 11,00% p.a as of 31 December 2011. (2010: 6,73%) and mature within two months (2010: two months).

As of 31 December 2011, trade receivables of TL187.063 (2010: TL5.369), over which no provision for impairment is provided of overdue receivables and maturity is about one month. (2010: one month) (Note 38-a).

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

	31 December 2011	31 December 2010
b) Non-trade receivables from related parties - current:		
Yaşar Holding	46.623.320	23.149.929
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya")	37.584	9.433
Viking Kağıt ve Selüloz A.Ş. ("Viking")	15.449	-
	46.676.353	**23.159.362**

As of 31 December 2011, the Company has short-term receivables from Yaşar Holding amounting to TL24.340.799 (2010: TL22.764.841) which are non-trade. The effective weighted average interest rate applied to those receivables is 12,0% p.a. (2010: 9,0% p.a.). Other receivables from Yaşar Holding amounting to TL359.843 (2010: TL385.088) 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 terms and conditions. The effective weighted average interest rate applied to those TL denominated loans is 14,29% p.a. (2010: 15,30% p.a.). Other receivables of the Company from Yaşar Holding amounting to TL21.922.678 consist of principal and interest accruals of short-term USD and EUR denominated loans obtained from various banks and financial institutions by the Company, and were transferred to related parties with the same terms and conditions. The effective weighted average interest rate applied to those receivables is 6,20% p.a. and 5,54% p.a., respectively. Company management expects to collect other receivables from Yaşar Holding between three to twelve months.

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

c) Non-trade receivables from related parties - non-current:		
Yaşar Holding	9.745.000	9.745.000
	9.745.000	**9.745.000**

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. These loans mature in 2013, and the effective weighted average interest rate is 14,29% p.a. (2010: 15,30% p.a.). The fair value of these long-term receivables is TL9.850.681 (2010: TL10.065.202) and effective weighted average interest rate used in the fair value calculation is 16,58% p.a. (2010: 14,40% p.a.).

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

	31 December 2011	31 December 2010
d) Due to related parties - trade - current:		
Çamlı Yem	3.258.309	6.009.847
Yaşar Holding	1.409.782	1.348.849
Yadex Export-Import und Spedition GmbH ("Yadex")	325.642	635.839
HDF-FZCO	191.846	-
Bintur	118.586	44.528
Hedef Ziraat Ticaret A.Ş.	60.998	1.260.345
Pınar Su Sanayi ve Ticaret A.Ş. ("Pınar Su")	-	4.416
Other	897	37.431
	5.366.060	9.341.255
Less: Unincurred finance cost	(61.671)	(89.676)
	5.304.389	**9.251.579**

As of 31 December 2011 and 2010, the effective weighted average interest rate applied to those payables is 11,00% (2010: 7,09%) and maturity is 2 months (2010: 1 month).

	31 December 2011	31 December 2010
e) Due to related parties - non trade - current:		
Yaşar University	800.000	750.000
Dividend payable	133.640	103.240
	933.640	**853.240**

ii) Transaction with related parties:

	1 January - 31 December 2011	1 January - 31 December 2010
a) Product sales:		
YBP	299.203.604	282.464.163
Yataş	5.731.901	5.378.730
Çamlı Yem	2.537.904	3.228.796
Pınar Anadolu	-	3.773.950
Other	31.645	35.951
	307.505.054	**294.881.590**

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

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

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

	1 January - 31 December 2011	1 January - 31 December 2010
b) Service sales:		
Pınar Süt	51.564	22.587
YBP	12.542	18.875
Pınar Su	4.803	3.100
Çamlı Yem	1.550	37.049
Yataş	-	20.873
Other	2.277	10.928
	72.736	**113.412**
c) Finance income:		
Yaşar Holding	2.393.718	3.494.983
YBP	103.634	91.145
Dyo Boya	97.883	61.979
Viking	35.425	46.745
Pınar Süt	20.336	17.140
Çamlı Yem	8.856	33.997
Yataş	-	104.014
	2.659.852	**3.850.003**

As it is explained in Note 22, the majority of finance income consists of bail commission charges amounting to TL1.131.429 (2010: TL923.546), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company (Note 32). The commission rates of bail and financing used in the associated intercompany charges is 0,50% p.a. (2010: 0,50% p.a.).

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

d) Dividends received:

YBP	10.271.542	7.348.613
Pınar Anadolu	237.163	315.917
Çamlı Yem	124.182	944.866
Bintur	1.969	-
	10.634.856	**8.609.396**

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

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

	1 January - 31 December 2011	1 January - 31 December 2010
e) Other incomes from related parties:		
YBP	389.747	363.556
Çamlı Yem	216.624	345.299
Other	30.721	61.280
	637.092	**770.135**

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

	1 January - 31 December 2011	1 January - 31 December 2010
f) Product purchases:		
Çamlı Yem	36.899.251	37.750.516
Yadex	23.926.288	11.922.993
Hedef Ziraat	2.525.557	2.404.140
Pınar Süt	480.420	507.952
Pınar Anadolu	156.360	628.263
Other	107.068	49.184
	64.094.944	**53.263.048**
g) Service purchases:		
Yaşar Holding	5.190.520	4.589.558
YBP	1.747.203	1.384.489
Yataş	1.029.474	244.971
HDF-FZCO	191.846	-
Bintur	157.822	120.100
Pınar Süt	8.440	79.186
Other	64.669	12.059
	8.389.974	**6.430.363**

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

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

	1 January - 31 December 2011	1 January - 31 December 2010
h) Purchases of property, plant and equipment:		
Yaşar Holding	39.746	550
Pınar Anadolu	21.118	-
Pınar Süt	16.062	27.853
Other	10.859	-
	87.785	**28.403**
i) Finance expenses:		
Çamlı Yem	125.871	120.682
Yaşar Holding	53.403	42.101
YBP	17.967	19.247
Pınar Süt	16.947	14.283
Pınar Su	16.947	14.283
Viking	16.947	14.283
Dyo Boya	16.947	14.283
	265.029	**239.162**

The finance expense mainly includes bail commission charges, which is related with borrowings obtained by the Company from international capital markets and various financial institutions with the guarantee of the related parties, which is amounting to TL149.410 (2010: TL106.569) (Note 33). The rates of bail commission and commission for financial services used in the charges are 0.50% p.a. per each (2010: 0.50% p.a. per each).

	1 January - 31 December 2011	1 January - 31 December 2010
j) Other expenses from related parties:		
YBP	474.636	372.692
Pınar Süt	8.386	53.263
Bintur	-	66.351
Other	64.048	65.436
	547.070	**557.742**
k) Dividends paid:		
Yaşar Holding	18.077.208	17.138.132
Pınar Süt	4.197.849	3.979.779
Other	11.092.893	10.516.639
	33.367.950	**31.634.550**

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

	1 January - 31 December 2011	1 January - 31 December 2010
l) Donations:		
Yaşar University	800.000	750.000
Yaşar Eğitim Vakfı	187.660	47.399
	987.660	**797.399**

m) Key management compensation:

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

Short-term employee benefits	1.513.545	1.428.205
Bonus and profit-sharing	500.000	500.000
Termination benefits	135.077	76.420
Post-employment benefits	-	-
Other long-term benefits	15.669	10.948
	2.164.291	**2.015.573**

n) Bails given to related parties:

The Company jointly guarantees with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR70.000.000 and USD275.000.000, equivalent of TL690.513.500) (2010: EUR96.059.000 and USD275.000.000, equivalent of TL621.984.497) (Note 22).

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to Yataş, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognised. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders (Note 37.i.b). The credit risk analysis of the Company as of 31 December 2011 and 2010 are as follows:

31 December 2011

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

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

31 December 2010

	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**23.692.348**	**7.535.226**	**23.159.362**	**1.536.594**	**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)	23.686.979	7.398.985	23.159.362	1.536.594	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 (4)	5.369	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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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

31 December 2010		**Receivables**	
	Related Parties	**Third Parties**	**Total**
1-30 days overdue	5.369	136.241	313.110
1-3 months overdue	-	-	-
3-6 months overdue	-	-	-
Over 6 months overdue	-	-	-
The part of credit risk covered with guarantees	-	-	-
	5.369	**136.241**	**313.110**

(*) A total amount of TL181.587 of the overdue but not impaired receivables from related parties has been collected as of the approval date of the financial statements.
(**) A total amount of the overdue but not impaired receivables from third parties has been collected as of the approval date of the financial statements.

b) Liquidity risk:

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

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

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

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

(*) 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.

	31 December 2010				
	Carrying Value	**Total Cash outflows per agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Contractual maturity dates:					
Non-Derivative financial liabilities:					
Bank borrowings	10.884.191	12.803.722	803.604	352.841	11.647.277
Trade payables	40.020.120	40.180.936	39.847.123	333.813	-
Other payables	865.608	865.608	115.608	750.000	-
	51.769.919	**53.850.266**	**40.766.335**	**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

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

c) Market risk:

i) Foreign exchange risk

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

	Foreign Currency Position							
	31 December 2011				31 December 2010			
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	611.816	303.274	15.943	-	131.656	85.159	-	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	19.488	6.436	3.000	-	23.003	10.386	3.390	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	22.154.307	5.072.931	5.144.466	-	-	-	-	-
4. Current Assets (1+2+3)	**22.785.611**	**5.382.641**	**5.163.409**	**-**	**154.659**	**95.545**	**3.390**	**-**
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)	**22.785.611**	**5.382.641**	**5.163.409**	**-**	**154.659**	**95.545**	**3.390**	**-**
10. Trade Payables	(1.707.270)	(101.565)	(618.104)	(4.901)	(1.481.355)	-	(704.111)	(38.562)
11. Financial Liabilities	(22.154.307)	(5.072.931)	(5.144.466)	-	(178.340)	-	(87.033)	-
12a. Monetary Other Liabilities	(27.106)	(14.350)	-	-	(12.368)	(8.000)	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short- Term Liabilities (10+11+12)	**(23.888.683)**	**(5.188.846)**	**(5.762.570)**	**(4.901)**	**(1.672.063)**	**(8.000)**	**(791.144)**	**(38.562)**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(12.219.000)	-	(5.000.000)	-	(10.245.500)	-	(5.000.000)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**(12.219.000)**	**-**	**(5.000.000)**	**-**	**(10.245.500)**	**-**	**(5.000.000)**	**-**
18. Total Liabilities (13+17)	**(36.107.683)**	**(5.188.846)**	**(10.762.570)**	**(4.901)**	**(11.917.563)**	**(8.000)**	**(5.791.144)**	**(38.562)**
19. Net Asset/ Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Amount of Hedged Asset	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Amount of Hedge Liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset (Liability) Position (9-18+19)	**(13.322.072)**	**193.795**	**(5.599.161)**	**(4.901)**	**(11.762.904)**	**87.545**	**(5.787.754)**	**(38.562)**
21. Net Foreign Currency Asset (Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(13.322.072)**	**193.795**	**(5.599.161)**	**(4.901)**	**(11.762.904)**	**87.545**	**(5.787.754)**	**(38.562)**
22.Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Amount of Foreign Currency Denominated Assets Hedged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
24. Amount of Foreign Currency Denominated Liabilities Hedged	**12.450.629**	**-**	**5.094.783**	**-**	**10.423.839**	**-**	**5.087.033**	**-**
25. Export	**5.731.901**	**3.410.922**	**-**	**-**	**5.378.730**	**3.600.409**	**-**	**-**
26. Import	**36.323.575**	**22.889.496**	**-**	**-**	**21.297.287**	**14.300.404**	**-**	**-**

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

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

31 December 2010	**Sensitivity Analysis for Foreign Currency Risk**			
	Profit/Loss		**Equity**	
	Appreciation of Foreign currency	**Depreciation of Foreign currency**	**Appreciation of Foreign currency**	**Depreciation of Foreign currency**
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	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)	**(133.907)**	**133.907**	**-**	**-**

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

ii) Interest rate risk

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

	Interest Rate Position	
	31 December 2011	**31 December 2010**
Financial instruments with fixed interest rate		
Financial assets	98.932.566	67.423.268
Financial liabilities	61.502.109	41.346.079
Financial instruments with floating interest rate		
Financial assets	12.340.418	-
Financial liabilities	22.445.264	10.130.090

According to the interest rate sensitivity analysis performed as at 31 December 2011, if interest rates had been 1% higher while all other variables being constant, net income for the year would be TL25.175 lower (2010: income for the current year would be TL24.904 lower) as a result of additional interest expense that would be incurred on financial instruments with floating rates.

iii) Price risk

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

d) Capital Risk Management:

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

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

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

Notes to the Financial Statements at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

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

	31 December 2011	31 December 2010
Financial liabilities	34.373.307	10.884.191
Derivative financial assets	(2.345.784)	(293.750)
Trade payables	50.884.104	40.020.120
Other payables to related parties	933.640	853.240
Less: Cash and cash equivalents	(4.131.878)	(1.754.607)
Net debt	**79.713.389**	**49.709.194**
Total equity	**310.350.734**	**281.221.944**
Net debt/ equity ratio	**26%**	**18%**

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

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

Classification of financial assets

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

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

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Notes to the Financial Statements at 31 December 2011 and 2010

(Convenience Translation into English of Financial Statements Originally Issued in Turkish)

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

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

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

Financial assets

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

Financial liabilities

Fair values of bank borrowings are disclosed in Note 8.

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

NOTE 40 - SUBSEQUENT EVENTS

None (2010: None).

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

None (2010: None).

NOTE 42 - EXPLANATION FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2011 and 2010, the CMB Financial Reporting Standards differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.