CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements (balance sheet) of Pınar Entegre Et ve Un Sanayii A.Ş. ("the Company") as at 31 December 2016 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

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

Independent auditor's responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pınar Entegre Et ve Un Sanayii A.Ş.as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with the TAS.

Other Matter

5. The financial statements of the Company as at and for the year ended 31 December 2015 were audited by other auditors whose report, dated 29 February 2016, expressed an unqualified opinion on those statements.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 1 March 2017.

7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period
1 January - 31 December 2016 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM
Sorumlu Denetçi

İstanbul, 1 Mart 2017

ORIGINAL COPY ACCEPTED AND SIGNED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

1 JANUARY - 31 DECEMBER 2016
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(CONVENIENCE TRANSLATION INTO ENGLISH -
THE TURKISH TEXT IS AUTHORITATIVE)

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.
STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2016 AND 2015

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

	Note Reference	31 December 2016	31 December 2015
ASSETS			
Current Assets			
Cash and cash equivalents	6	1.247.276	4.808.870
Trade receivables		100.975.081	73.068.298
- Trade receivables from related parties	7	80.267.399	52.356.985
- Trade receivables from third parties	8	20.707.682	20.711.313
Other receivables		197.587	9.554.065
- Other receivables from related parties	7	22.705	9.527.094
- Other receivables accompanying from third parties		174.882	26.971
Biological assets	12	13.005.644	6.711.357
Inventories	11	46.709.150	49.420.883
Prepaid expenses		2.297.885	2.273.359
- Prepaid expenses to third parties	13	2.297.885	2.273.359
Other current assets		227.560	148.341
- Other current assets from third parties	30	227.560	148.341
TOTAL CURRENT ASSETS		**164.660.183**	**145.985.173**
Non-Current Assets			
Financial investments		676.977	682.817
- Available- for-sale financial investments	48	676.977	682.817
Investments in Associates Accounted for Using Equity Method	4	159.359.258	155.569.186
Property, plant and equipment	15	221.779.692	218.716.356
- Land		85.109.400	85.109.400
- Land improvements		8.434.076	6.977.800
- Buildings		53.408.782	53.138.934
- Machinery, plant and equipment		63.081.514	61.992.519
- Vehicles		852.936	375.550
- Furniture and fixtures		10.892.984	11.025.631
- Construction-in-progress		-	96.522
Intangible assets		339.524	262.736
- Other intangible assets	18	339.524	262.736
Prepaid expenses		147.738	115.841
- Prepaid expenses to third parties	13	147.738	115.841
TOTAL NON-CURRENT ASSETS		**382.303.189**	**375.346.936**
TOTAL ASSETS		**546.963.372**	**521.332.109**

The financial statements for the period between 1 January - 31 December 2016 are prepared for publication by Pınar Entegre Et ve Un Sanayii A.Ş. It was approved by the Board of Directors on 1 March 2017.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2016 AND 2015

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

	Note Reference	31 December 2016	31 December 2015
LIABILITIES			
Short-Term Liabilities			
Short-term borrowings		-	5.211.853
- Short-term borrowings due to third parties		-	5.211.853
- Bank borrowings	25	-	5.053.185
- Leasing debts	25	-	158.668
Other financial liabilities	25	3.994.144	973.559
- Other miscellaneous financial liabilities		3.994.144	973.559
Trade payables		84.441.575	74.783.125
- Trade payables due to related parties	7	14.842.553	13.529.072
- Trade payables due to third parties		69.599.022	61.254.053
Payables Related to Employee Benefits	28	1.855.086	1.002.746
Other payables		5.660.179	3.501.214
- Other payables due to related parties	7	3.053.000	1.523.500
- Other payables due to third parties	10	2.607.179	1.977.714
Deferred income		23.691	96.363
- Deferred income from third parties	13	23.691	96.363
Current income tax liability	41	2.363.485	2.027.660
Short term provisions		413.059	975.777
- Provision for employee benefits	28	359.859	922.577
- Other short term provisions	26	53.200	53.200
Other current liabilities		20.959	14.405
- Other current liabilities due to third parties	30	20.959	14.405
TOTAL SHORT-TERM LIABILITIES		**98.772.178**	**88.586.702**
Long-Term Liabilities			
Long term provisions		18.486.015	15.720.910
- Long term provisions for employee termination benefits	28	18.486.015	15.720.910
Deferred Income Tax Liabilities	41	10.772.244	10.793.366
TOTAL LONG-TERM LIABILITIES		**29.258.259**	**26.514.276**
TOTAL LIABILITIES		**128.030.437**	**115.100.978**

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2016 AND 2015

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

	Note Reference	31 December 2016	31 December 2015
EQUITY			
Equity attributable to owners of the parent company		**418.932.935**	**406.231.131**
Share capital	31	43.335.000	43.335.000
Adjustment to share capital	31	37.059.553	37.059.553
Other accumulated comprehensive income / (loss) that will not be reclassified to profit or loss		101.087.243	107.712.001
- Gains (losses) on revaluation and remeasurement	15	95.763.492	101.233.531
- Increases (decreases) on revaluation of property, plant and equipment		102.954.215	106.242.496
- Defined benefit plans actuarial loss arising from		(7.190.723)	(5.008.965)
- Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit or loss		5.323.751	6.478.470
Other accumulated comprehensive income (loss) that will be reclassified to profit or loss		12.496.195	12.262.159
- Gains (losses) on revaluation and reclassification		106.316	110.989
- Gains (losses) on remeasuring and/or reclassification of Available-for-sale financial assets	48	106.316	110.989
- Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit or loss		12.389.879	12.151.170
Restricted reserves		34.802.135	30.555.315
- Legal reserves	31	34.802.135	30.555.315
Retained earnings		130.463.628	108.801.205
Net profit for the year		59.689.181	66.505.898
TOTAL EQUITY		**418.932.935**	**406.231.131**
TOTAL EQUITY AND LIABILITIES		**546.963.372**	**521.332.109**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2015

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

	Note Reference	1 January - 31 December 2016	1 January - 31 December 2015
PROFIT OR LOSS			
Revenue	32	637.519.970	591.063.053
Cost of sales (-)	32	(531.979.552)	(491.959.632)
Gross profit from trading operations		**105.540.418**	**99.103.421**
Change in fair value of biological assets	12	677.221	-
Gross Profit		**106.217.639**	**99.103.421**
General administrative expenses (-)	34	(21.886.172)	(19.535.757)
Marketing, selling and distribution expenses (-)	34	(30.640.069)	(30.119.417)
Research and development expenses (-)	34	(1.675.215)	(1.919.052)
Other income from operating activities	35	2.227.702	1.915.852
Other expense from operating activities (-)	35	(2.041.011)	(2.443.331)
OPERATING PROFIT		**52.202.874**	**47.001.716**
Income from investment activities	36	1.006.733	1.009.513
Expense from investment activities (-)	36	(498.253)	(68.841)
Share of Results of Investment-in-Associates	4	14.348.562	25.346.986
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSE)		**67.059.916**	**73.289.374**
Financial income	38	2.279.937	2.303.086
Financial expense (-)	38	(393.792)	(224.146)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**68.946.061**	**75.368.314**
Tax expense of continuing operations		(9.256.880)	(8.862.416)
- Current period tax expense	41	(8.731.395)	(7.033.462)
- Deferred tax income / (expense)	41	(525.485)	(1.828.954)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**59.689.181**	**66.505.898**
PROFIT FOR THE YEAR		**59.689.181**	**66.505.898**
Earnings per Share		**1,3774**	**1,5347**
- Earnings per 1 Kr number of 100 shares from continuing operations	42	1,3774	1,5347

The accompanying notes are an integral part of these financial statements

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2015

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

	Note Reference	1 January - 31 December 2016	1 January - 31 December 2015
OTHER COMPREHENSIVE (EXPENSE) INCOME STATEMENT			
Other Comprehensive Income that will not be reclassified to Profit or Loss:		**(2.586.463)**	**19.644.462**
Gains (losses) on revaluation of property, plant and equipment	15	-	15.471.641
Gains (losses) on remeasurements of defined benefit plans	28	(2.727.198)	(1.313.456)
Share of other comprehensive income of associates accounted for using equity method that will not be reclassified to profit or loss		(404.705)	5.146.099
- Gains (losses) on remeasurements of defined benefit plans of associates accounted for using equity method	4	(404.705)	(555.183)
- Revaluation increases (decreases) of property, plant and equipments of associates accounted for using equity method	4	-	5.701.282
Taxes relating to other comprehensive income that will not be reclassified to profit or loss		545.440	340.178
- Gains (losses) on revaluation of property, plant and equipment, Tax effect		-	77.487
- Gains (losses) on remeasurements of defined benefit plans, Tax effect	41	545.440	262.691
Other Comprehensive Income that will be reclassified to Profit or Loss:		**234.036**	**2.469.505**
Gains (losses) on remeasuring and/or reclassification on available-for-sale financial assets		(5.840)	54.042
- Gains (losses) on revaluation of available-for-sale financial assets	48	(5.840)	54.042
Share of Other comprehensive income of associates accounted for using equity method that will be reclassified to profit or loss		238.709	2.426.271
- Gains (losses) on revaluation and/or reclassification of available-for-sale financial assets	4	(882.330)	1.711.272
- Gains (losses) on cash flow hedges of associates accounted for using equity method	4	19.853	53.922
- Gains (losses) on foreign currency translation differences of associates accounted for using equity method	4	1.101.186	661.077
Taxes relating to other comprehensive income that will be reclassified to profit or loss		1.167	(10.808)
- Gains (losses) on revaluation and/or reclassification of available-for-sale financial assets, Tax effect	41	1.167	(10.808)
OTHER COMPREHENSIVE (EXPENSE)/ INCOME		**(2.352.427)**	**22.113.967**
TOTAL COMPREHENSIVE INCOME		**57.336.754**	**88.619.865**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

				Other Comprehensive Income/ (Expense) not to be Reclassified in Profit or Loss		Other Comprehensive Income/ (Expense) to be Reclassified in Profit or Loss					
	Share Capital	Adjustment to Share Capital	Gains (Losses) on Revaluation of Property, Plant and Equipments	Gains (Losses) on Remeasurements of Defined Benefit Plans	Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	Gains (Losses) on Revaluation and/or Reclassification Adjustments of Available-for-Sale Financial Assets	Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings	Profit for the year	Total Equity
1 January 2015	**43.335.000**	**37.059.553**	**93.593.840**	**(3.958.200)**	**1.775.689**	**67.755**	**9.724.899**	**28.088.560**	**90.496.965**	**44.261.506**	**344.445.567**
Transfers	-	-	(2.900.472)	-	(443.318)	-	-	-	47.605.296	(44.261.506)	-
Dividend (Note 7.ii.m)	-	-	-	-	-	-	-	2.466.755	(29.301.056)	-	(26.834.301)
Total comprehensive income	-	-	15.549.128	(1.050.765)	5.146.099	43.234	2.426.271	-	-	66.505.898	88.619.865
- Profit for the year	-	-	-	-	-	-	-	-	-	66.505.898	66.505.898
- Other comprehensive income / (expense)	-	-	15.549.128	(1.050.765)	5.146.099	43.234	2.426.271	-	-	-	22.113.967
31 December 2015	**43.335.000**	**37.059.553**	**106.242.496**	**(5.008.965)**	**6.478.470**	**110.989**	**12.151.170**	**30.555.315**	**108.801.205**	**66.505.898**	**406.231.131**
1 January 2016	**43.335.000**	**37.059.553**	**106.242.496**	**(5.008.965)**	**6.478.470**	**110.989**	**12.151.170**	**30.555.315**	**108.801.205**	**66.505.898**	**406.231.131**
Transfers	-	-	(3.288.281)	-	(750.014)	-	-	-	70.544.193	(66.505.898)	-
Dividend (Note 7.ii.m)	-	-	-	-	-	-	-	4.246.820	(48.881.770)	-	(44.634.950)
Total comprehensive income	-	-	-	(2.181.758)	(404.705)	(4.673)	238.709	-	-	59.689.181	57.336.754
- Profit for the year	-	-	-	-	-	-	-	-	-	59.689.181	59.689.181
- Other comprehensive income / (expense)	-	-	-	(2.181.758)	(404.705)	(4.673)	238.709	-	-	-	(2.352.427)
31 December 2016	**43.335.000**	**37.059.553**	**102.954.215**	**(7.190.723)**	**5.323.751**	**106.316**	**12.389.879**	**34.802.135**	**130.463.628**	**59.689.181**	**418.932.935**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AT 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		**36.400.710**	**34.672.200**
Profit (Loss) for the year		**59.689.181**	**66.505.898**
Profit (Loss) from Continuing Operations		**59.689.181**	**66.505.898**
Adjustments Related to Reconciliation of Net Profit for The Year:		**9.848.000**	**(3.893.789)**
Adjustments for tax expense	41	9.256.880	8.862.416
Adjustments for depreciation and amortisation expense	15,18	12.219.883	11.041.172
Adjustments for interest expense and interest gain		(404.187)	(1.176.214)
Adjustments for interest gain	35,36,38	(1.308.544)	(1.647.015)
Adjustments for interest expense	35,38	904.357	470.801
Adjustments for provisions		3.735.751	2.747.261
Adjustments for provisions related with employee benefits		3.735.751	2.759.735
Adjustments for other provisions		-	(12.474)
Adjustments for dividend (income) expense		(11.738)	(5.054)
Adjustments for undistributed profits of investments accounted for using equity method		(14.348.562)	(25.346.986)
Adjustments for undistributed profits of associates	4	(14.348.562)	(25.346.986)
Adjustments for fair value losses (gains)		(677.221)	-
Adjustments for fair value losses (gains) of biological assests or agricultural products	12	(677.221)	-
Adjustments for fair value loss (reversal)		36.874	59.735
Adjustments for decrease in fair value of inventories	4	36.874	2.695
Adjustments for fair value decrease (reversal) in receivables		-	57.040
Adjustments for losses (gains) arised from sale of fixed assets		337.652	54.263
Adjustments for losses (gains) arised from sale of tangible assets		337.652	54.263
Adjustments for unrealized foreign currency translation differences		(297.332)	(130.382)
Changes in Working Capital:		**(19.736.398)**	**(19.259.769)**
Adjustments related to (increase)/ decrease in trade receivables		(27.406.667)	(7.188.803)
Decrease (increase) in trade receivables from related parties	7	(27.854.568)	(424.764)
Decrease (increase) in trade receivables from non-related parties		447.901	(6.764.039)
Adjustments related to (increase)/ decrease in inventories		2.711.733	(10.480.072)
Adjustments related to (decrease)/increase in other receivables		(147.911)	11.235
Decrease (increase) in other receivables related with operations from non-related parties		(147.911)	11.235
Decrease (increase) in biological assets		(5.617.066)	(5.650.380)
Decrease (increase) in prepaid expenses		(56.423)	477.988
Adjustments for increase (decrease) in trade payable		9.443.468	2.914.675
Increase in trade payables to related parties	7	1.195.709	73.560
Increase (decrease) in trade payables to non-related parties		8.247.759	2.841.115
Increase (decrease) in payables related to employee benefits		852.340	154.392
Increase (decrease) in deferred income		(72.672)	87.604
Other adjustments for other increase (decrease) in working capital		556.800	413.592
Decrease (increase) in other assets related with operations		(79.219)	214.151
Increase (decrease) in other payables related with operations		636.019	199.441
Cash Flows from Operations		**49.800.783**	**43.352.340**
Payments related with provisions for employee benefits		(4.260.562)	(1.839.130)
Interest paid		(743.941)	(416.085)
Income taxes refund (paid)	41	(8.395.570)	(6.424.925)

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AT 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
CASH FLOWS FROM INVESTING ACTIVITIES		**5.482.632**	**(11.581.888)**
Interest received		1.308.544	1.647.015
Dividends received	7	10.367.358	6.931.890
Cash advances and loans made		-	(5.594.533)
Cash advances and loans made to related parties		-	(5.594.533)
Paybacks from cash advances and loans made		9.504.389	-
Paybacks from cash advances and loans made to related parties		9.504.389	-
Cash outflows due to purchase of fixed assets		(15.952.523)	(14.668.632)
Cash outflows due to purchase of tangible assets		(15.664.170)	(14.539.789)
Cash outflows due to purchase of intangible assets		(288.353)	(128.843)
Cash inflows from sales of fixed assets		254.864	102.372
Cash inflows from sales of tangible assets		254.864	102.372
CASH FLOWS FROM FINANCING ACTIVITIES		**(45.470.423)**	**(20.047.695)**
Cash inflows from other financial borrowings		5.469.808	6.231.327
Cash inflows from loans		2.607.894	5.177.707
Cash inflows from other financial liabilities		2.861.914	1.053.620
Cash outflows from other financial liabilities		(7.674.366)	(913.506)
Paybacks of borrowings		(7.674.366)	(913.506)
Dividends paid		(43.105.450)	(25.310.800)
Interest paid		(160.415)	(54.716)
Net Increase (Decrease) In Cash and Cash Equivalents Before Effect of Foreign Currency Translation Differences		**(3.587.081)**	**3.042.617**
EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**25.487**	**24.284**
Net increase (decrease) in cash and cash equivalents		**(3.561.594)**	**3.066.901**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**4.808.870**	**1.741.969**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1.247.276**	**4.808.870**

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

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 75% (2015: 77%) 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. ("YDT"), which are both Yaşar Group companies (Note 7).

The Company is subject to the regulations of the Capital Market Board ("CMB") and 33% (2015: 33%) of its shares are quoted on the Borsa Istanbul ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 54% shares of the Company (2015: 54%) (Note 31).

The average number of personnel is 908 as of 31 December 2016 (31 December 2015: 911 personnel).

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

The financial statements of the Company are prepared in line with the formats suggested by CMB and included required information. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

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

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

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

2.2. Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2016 and are adopted by the Company:

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 5 standards:

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

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendment to TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments improve presentation and disclosure in financial reports.

b) Standards, Amendments and IFRICs applicable from 31 December 2016 are not listed as they are not related to the operations of the Company or do not have a material effect on the financial statements.

c) Standards, amendments and interpretations effective after 1 January 2017:

- Amendments to TAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments TAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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

- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to TFRS 15, 'Revenue from contracts with customers', effective from annual periods begining on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- TFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

    - TFRS 1,' First-time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
    - TFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
    - TAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

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

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

New standards, amendments and interpretations issued and effective as of 31 December 2016 have not been presented since they are not relevant to the operations of the company or have insignificant impact on the financial statements.

2.3 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.

2.4 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. Dividends to be received or receivable from associates are accounted for as a reduction of the carrying amount of the investment.

Changes in ownership interests in subsidiaries without change of control or significant influance

Acquisitions of subsidiary acquisitions that do not result in the loss of significant activity or control gain are accounted for as goodwill in the value of the associate as the difference between the fair value of the associate's identifiable net assets and the fair value of the consideration paid for the asset as of the acquisition date.

The accounting policies of the investing entity accounted for using the equity method of accounting have been amended accordingly to ensure consistency with the accounting policies applied by the Company.

The equity method is not continued on the basis of the fact that the registered value of the investment in the associate is zero or the significant effect of the Group is terminated as long as the Group does not make any commitment or obligation in relation to the subsidiary. The recorded value of the investment in the date on which the significant effect is ended is shown as cost after that date. The amount previously recognized in comprehensive income / (expense) is related to net period profit / (loss) if appropriate in accordance with the provisions of the related TAS / TFRS, in proportion to the decrease in the proportion of the equity participations that do not result in loss of significant activity.The book value of the investment accounted for by the equity method is tested for impairment according to the policy described in Note 2.7.6.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
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(Amount 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 2016 and 2015 (Note 4):

	Shareholding (%)	
	2016	**2015**
Investments-in-associates		
YBP	42,78	42,78
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23,38	23,38
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	26,41	26,41

Foreign currency translation

i) Functional and Reporting Currency

The financial statements of the Company and each subsidiary are measured in terms of the currency in which the entity is located and the main currency in which the operations are carried out ("functional currency"). The financial statements have been prepared in Turkish Lira ("TL"), which is the functional currency of the Company.

ii) 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.

iii) 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 TRY at the average foreign exchange rates in the period. As of 31 December 2016, the equivalent of EUR1 is TL3,7099 (2015: TL3,1776) and for the year then ended, the average equivalent of EUR1 is TL3,3413 (2015: TL3,0183). 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.

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

2.5 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.

2.6 Comparative Information and Correction of Prior Year Financial Statements

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2016 on a comparative basis with balance sheet at 31 December 2015; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2016 on a comparative basis with financial statements for the period of 1 January - 31 December 2015.

2.7 Summary of Significant Accounting Policies

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

2.7.1 Revenue

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

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement (Note32).

Revenue is recognized as follows:

Sales of goods:

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

Sales of services:

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

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

Interest Income:

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

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

Rental income- recognized evenly on an accrual basis.

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

2.7.2 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 11).

2.7.3 Biological Assets

Biological assets are livestock stocks made up of fattening dentists for the purpose of slaughtering (Note12).

Biological assets are reflected in the financial statements taking into consideration the principles of TMS 41 "Agricultural Activities" standard. TMS 41 presents a hierarchical method of prioritizing measurement methods for the measurement of living entities. The basic principle used in the measurement of biological assets is the reflection of such assets to the financial statements over the fair values determined using certain assumptions, especially the carcass meat prices.

Changes in the fair value of biological assets are reflected in the income statement as "biological assets fair value differences".

2.7.4 Property, plant and equipment

Property, plant and equipment, except for land and land improvements, buildings, machinery and equipment acquired 1 January 2005 are carried at cost less accumulated depreciation,all tangible assets are stated at cost in the purchasing power of 31 December 2004. After 1 January 2005 to obtain the pen obtained which is reflected in the financial statements at cost less accumulated depreciation up to the balance sheet date. Land and land improvements and buildings are stated at fair value, based on valuations by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş. while machinery and equipment are stated at fair value and less depreciations for the subsequent periods, based on valuations by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş. (Note 15). Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is restated to the revalued amount of the asset.

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

Increases in the carrying amount arising on the revaluation of land, land improvements, buildings and machinery and equipment are credited to the revaluation reserve in equity, net of applicable deferred income tax. For certain assets, the increase was recognized in the statement of comprehensive income to the extent that it reversed the impairment of the same asset previously recognized in the statement of comprehensive income.

Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the revaluation reserve to the accumulated losses is transferred from the asset’s original cost.

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. The estimated useful lives are reviewed and any essential corrections are made on prospective basis in the each of reporting period.

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 15). Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipments are as follows:

	Years
Buildings and land improvements	5-30
Machinery and equipments	5-20
Furniture and fixtures	5-10
Motor vehicles	5

The assets’ useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use. 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.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.The Company derecognizes the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate (Note 36). On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the the to retained earnings.

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

2.7.5 Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights. These assets which is acquired before 1 January 2005, TL is the intake adjusted acquisition cost expressed in the power on 31 December 2004, for items that are obtained after 1 January 2005 over the cost of acquisition is less accumulated amortization and present value the value of the net after deduction of impairment is recognized in the financial statements. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition (Note 18). Costs associated with maintaining computer software programs are recognized as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

2.7.6 Impairment of assets

Impairment of financial assets:

- Assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    (i) Adverse changes in the payment status of borrowers in the portfolio; and
    (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

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

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

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

- Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of comprehensive income. On the other hand, if there is not a fair value change fund accounted for under equity, in order to change the fair value of available-for-sale financial assets, the permanent negative differences are related to the direct income statement. Impairment losses on equity instruments classified as available-for-sale financial assets reflected in the comprehensive income statement can not be reversed over the comprehensive income statement.

Impairment of non-financial assets:

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

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

2.7.7 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 38). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 25).

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.7.8 Financial assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amounts of intangible assets not yet available for use to be masured annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.The Company does not have any financial asset - held to maturity or fair value changes accounted through statements of income or expenses.

i. Classification

- *Loans and receivables*

  Loans and receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. 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.

- *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 classifies these financial assets properly with acquisition date and reviews regularly.

ii. Recognition and measurement

All financial assets other than those at fair value through profit or loss are initially recognized at fair value, including acquisition costs (transaction costs), and subsequently measured at fair value. Financial assets classified as available-for-sale financial assets with a controlling interest of less than 20% of the Company's share capital are accounted for at market prices in the financial statements if they are traded in the stock exchange and in the absence of an active market, By using generally accepted valuation methods. Available-for-sale financial assets that are not traded on a stock exchange and whose fair value can not be measured reliably because other methods used in the calculation of fair value are not feasible or feasible, and where the fair value can not be measured reliably are those items acquired before 1 January 2005 For the items acquired after 1 January 2005, at the acquisition cost, which is expressed in terms of the purchasing power of TL at 31 December 2004, less any impairment, if any. The Company recognizes the gains and losses on its available-for-sale financial assets that are not permanent (significant long-term and not significant), directly in equity until they are derecognized from the financial statements.

Fair value changes of securities classified as available-for-sale are calculated as the difference between the fair value at the balance sheet date and the amortized cost of those financial assets. When the Company is entitled to receive dividends from available-for-sale financial assets, dividend income from available-for-sale financial assets is recognized in the statement of comprehensive income by being accounted for under income from investment activities.

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

When available-for-sale financial assets are derecognised from the financial statements, the related gains or losses that are reported in equity are transferred to the statement of comprehensive income. Loans and receivables are accounted for at their discounted values using the effective interest rate method.

2.7.9 Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 42).

Companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings 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.

2.7.10 Subsequent events

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

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

2.7.11 Provisions, contingent liabilities and contingent assets

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities (Note 26). The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognized for future operating losses.

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

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

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

ii. Provision for profit sharing and bonus plans

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

2.7.12 Accounting policies, errors and change in accounting estimates

Material changes in accounting policies and accounting errors are applied on a retrospective basis as if a prior period error had never occurred or the policy had always been applied. The effect of changes in accounting estimate shall be 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.

2.7.13 Related parties

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

2.7.14 Segment reporting

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

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

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.

2.7.15 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 interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the lower of useful life or the lease period of the asset (Note 15).

Operating Leases

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

2.7.16 Taxation on income

The tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date.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.

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 41).

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

2.7.17 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.

2.7.18 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.

2.7.19 Government incentives and grants

Government incentives and grants are recognized at fair value if the Company has a reasonable assurance that the incentives will be received and the Company meets minimum requirements.

The Company has been awarded the state incentives that Turquality project has been awarded for the branding of Turkish products abroad and the establishment of the Turkish Property image respectively; Reflects the financial statements under other income (Note 24).

2.7.20 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 records the tax liabilities incurred by the supplemental tax that is estimated to be paid as a result of tax events. The tax deductions that arise from the investment incentives the Company has and are likely to benefit in the coming periods are reflected in the financial statements as it is highly probable that such incentives will be utilized in the future. Where the ultimate tax consequences arising from these items differ from those initially recorded, these differences could affect income tax provision and deferred tax liabilities in the periods in which they are set (Note 41).

b) Fair value determination of available-for-sale financial assets

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 48). If generally adopted valuation techniques are not used, it is assumed that fair value of the asset converges the carrying value.

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

c) Fair value determination of biological assets

Biological assets consist of cattle held for slaughtering and such biological assets are reflected to the financial statements using the fair values determined by using certain assumptions, especially the carcass meat prices, of the values carried in the financial statements.

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

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment and investment properties do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment and investment properties. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment and investment properties with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary. Assumed by the Company, the values of land, ground and overhead lines, buildings and machinery and equipment are estimated to be depreciated from their fair value at 31 December 2015, less depreciation in the current period.

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.

- 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 values that may occur during the realization of purchase / sale transactions may differ from these values.

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

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 TAS 36 "Impairment of Assets", and no impairment indicator is identified.

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

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

NOTE 3 - BUSINESS COMBINATIONS

None (2015: None).

NOTE 4 - INTEREST IN OTHER ENTITIES

Investments-in-associates:

	31 December 2016		**31 December 2015**	
	TL	**(%)**	**TL**	**(%)**
YBP	110.524.681	42,78	114.376.464	42,78
Çamlı Yem	29.404.184	23,38	25.327.942	23,38
Desa Enerji	11.476.564	26,41	9.828.200	26,41
Pınar Foods	7.953.829	44,94	6.036.580	44,94
	159.359.258		**155.569.186**	

Movement in investments-in-associates during the years 2016 and 2015 are as follows:

	2016	**2015**
1 January	**155.569.186**	**129.579.361**
(Decrease) / increase in fair value reserves investments-in-associates - net	(882.330)	1.711.272
Share of profit before taxation of investments-in-associates - net	14.348.562	25.346.986
Increase in revaluation reserve of investments-in-associates	-	5.701.282
Changes in cash flow hedge	19.853	53.922
Actuarial loss arising from defined benefit plans of investments-in associates-net	(404.705)	(555.183)
Dividend income from investments-in-associates (Note 7.ii.d)	(10.355.620)	(6.926.836)
Currency translation reserve	1.101.186	661.077
Elimination of net effect of unrealized profits on inventory	(36.874)	(2.695)
31 December	**159.359.258**	**155.569.186**

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NOTE 4 - INTEREST IN OTHER ENTITIES (Continued)

Condensed financial statements of investments in associates are as follows:

	Assets	Liabilities	Net Profit	Net Sales	Other Comprehensive Income/ (Expense)
31 December 2016					
- YBP	454.542.466	304.953.442	17.817.119	1.633.551.020	(2.595.831)
- Çamlı Yem	341.885.833	216.117.043	18.229.852	405.531.331	(653.745)
- Desa Enerji	50.694.926	7.241.666	6.240.801	50.217.035	-
- Pınar Foods	18.540.603	841.827	1.815.896	55.556.297	2.450.156
31 December 2015					
- YBP	414.182.842	255.608.000	48.441.679	1.567.514.196	4.056.000
- Çamlı Yem	285.981.615	177.648.286	12.908.119	326.047.415	19.480.479
- Desa Enerji	42.882.815	5.670.358	4.356.629	36.548.331	1.822.385
- Pınar Foods	14.714.235	1.281.702	1.012.756	47.917.893	1.470.907

Details of significant investment in associates of the Company as at 31 December 2016 and 2015 are as follows:

Associates	Nature of business	Based on
- YBP	Marketing and distribution	Turkey
- Çamlı Yem	Livestock and feed production	Turkey
- Desa Enerji	Energy production	Turkey
- Pınar Foods	Marketing and distribution	Germany

NOTE 5 - SEGMENT REPORTING

None (2015: None).

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2016	31 December 2015
Cash in hand	31.729	59.021
Banks	405.172	4.657.056
- Demand deposits	155.172	507.056
- Time deposits	250.000	4.150.000
Other	810.375	92.793
	1.247.276	**4.808.870**

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NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2016 time deposits amounting to TL 250.000 (2015: 4.150.000) mature less than one month (2015: less than one month) and bear the effective weighted average interest rates of 7,25% per annum ("p.a.") (2015: 11,73% p.a.).

As of 31 December 2016, there are no foreign currency demand deposits (2015: EUR 68.628, equivalent of TL199.542), whereas cash in hand at 31 December 2016 comprised of USD 3.318 and EUR 2.695, equivalent of TL21.675 (2015: USD 5.656 and EUR 3.905, equivalent of TL28.854).

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

NOTE 7 - 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 2016 and 2015 are as follows:

i) ***Balances with related parties:***

	31 December 2016	31 December 2015
a) Trade receivables from related parties- current:		
YBP	76.513.164	50.032.174
YDT	4.368.081	2.934.760
Desa Enerji	27	-
	80.881.272	**52.966.934**
Less: Unearned finance income	(613.873)	(609.949)
	80.267.399	**52.356.985**

The effective weighted average interest rate on TL denominated short-term trade receivable is 9,02% p.a. as of 31 December 2016, (2015: 11,00%) and mature within two months(2015: two months).

As of 31 December 2016, trade receivables of TL 1.986.507 (2015: TL 741.795), over which no provision for impairment is provided of over-due receivables and aging is shown Note 49.a.

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NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	31 December 2016	31 December 2015
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya")	22.705	101.289
Pınar Süt Mamülleri Sanayii A.Ş. ("Pınar Süt")	-	9.418.107
Viking Kağıt ve Selüloz A.Ş. ("Viking")	-	7.698
	22.705	**9.527.094**

As of 31 December 2016, the Company has no non-trade receivables from Pınar Süt (31 December 2015: non-trading receivables amounting to TL 9.418.107 with an effective interest rate of 12%).

c) Trade payables to related parties - current:

	31 December 2016	31 December 2015
Çamlı Yem	12.057.751	10.681.816
Yaşar Holding	1.721.244	1.634.091
Yadex Export-Import und Spedition GmbH ("Yadex")	647.103	746.773
Hedef Ziraat Tic. ve San. A.Ş. ("Hedef Ziraat")	391.642	282.144
Other	111.563	272.268
	14.929.303	**13.617.092**
Less: Unincurred finance cost	(86.750)	(88.020)
	14.842.553	**13.529.072**

Trade payables to Çamlı Yem mainly consist of purchases turkey and fresh fish.

As of 31 December 2016, the effective weighted average interest rate applied to those payables is 9,02% (2015: 10,68%) and maturity is 2 months (2015: 2 months).

d) Other short-term payables to related parties:

Other short-term payables to related parties consist of the Board of Directors' appropriation amounting to TL 2,600,000 and TL 453,000, respectively, to be paid in respect of the decision taken at the Ordinary General Assembly Meetings held on 29 March 2016 and 25 March 2015 (31 December 2015: The decision taken at the Ordinary General Assembly Meeting consists of the allocation of the board of directors to be paid upon request).

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NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) ***Transaction with related parties***

	1January- 31 December 2016	1 January- 31 December 2015
a) Product sales:		
YBP	480.253.917	458.445.202
YDT	20.917.632	16.281.250
Çamlı Yem	4.968.025	2.873.124
Other	9.194	7.358
	506.148.768	**477.606.934**

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

	1January- 31 December 2016	1 January- 31 December 2015
b) Service sales:		
Çamlı Yem	329.482	255.696
Pınar Süt	157.631	218.605
YBP	91.534	49.925
YDT	50.412	103.958
Other	135.950	137.624
	765.009	**765.808**
c) Finance income and income from investment activities:		
Yaşar Holding	1.530.263	1.405.925
Dyo Boya	33.114	55.021
Viking	26.491	44.016
Çamlı Yem	6.623	11.004
	1.596.491	**1.515.966**

The majority of finance income consists of bail commission charges which is closed at total 2016 amounting to TL 1.596.491(2015: TL 1.515.966), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company (Note 38.i). The commission rates of bail and financing used in the associated intercompany charges is 0,50% p.a. (2015: 0,50 % p.a.).

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d) Finance income and income from investment activities:

	1 January - 31 December 2016	1 January- 31 December 2015
Pınar Süt	804.581	799.551
Dyo Boya	28.973	23.038
Viking	840	1.257
Yaşar Holding	-	166.035
	834.394	**989.881**

Income from investment activites consist of interest and delay interest income that are related to non-trade receivables of the company.

e) Dividends received:

YBP (*)	10.355.620	6.926.836
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	11.738	5.054
	10.367.358	**6.931.890**

(*) Subsidiary (Note 4)

f) Other incomes from related parties:

YDT	709.892	631.826
YBP	542.600	509.232
Çamlı Yem	164.695	142.219
Other	4.252	12.731
	1.421.439	**1.296.008**

Other incomes are related to foreign exchange gain from YDT, and the rent of cars and building from YBP and Çamlı Yem.

g) Product purchases:

Çamlı Yem	90.746.237	76.689.120
Yadex	3.075.259	5.382.812
Hedef Ziraat	2.599.685	1.821.807
Pınar Süt	669.498	760.255
Other	36.943	23.876
	97.127.622	**84.677.870**

The product purchases performed from Çamlı Yem are mainly related to turkey and fish.

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NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

h) Service purchases:

	1 January - 31 December 2016	1 January - 31 December 2015
Yaşar Holding	8.165.941	7.572.195
YBP	1.833.249	1.736.087
YDT	924.969	885.560
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("YABİM")	950.162	-
Bintur	198.735	197.611
Other	1.016.625	1.026.457
	13.089.681	**11.417.910**

Service purchases from YBP are related to promotion and advertisement. Service purchases from Yaşar Holding are related to sundry and consultancy services. Service purchases from Yabim are related to IT services.

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

Yaşar Holding	169.538	87.019
YBP	134.554	-
Çamlı Yem	56.587	-
YDT	-	419.210
Other	-	18.663
	360.679	**524.892**

j) Other operating expenses:

Çamlı Yem	676.870	371.634
Other	67.072	44.451
	743.942	**416.085**

Other operating expenses of the company consist of interest expense on term sales and interest expense related with operating activities.

k) Financial expenses from related parties

YBP	7.500	7.500
	7.500	**7.500**

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NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

l) Other expenses from related parties:

	1 January - 31 December 2016	1 January - 31 December 2015
YBP	172.500	171.000
Çamlı Yem	122.784	82.000
YDT	60.216	178.399
Other	99.817	86.607
	455.317	**518.006**

m) Dividends to related parties (*)**:**

Yaşar Holding	22.772.588	13.616.599
Pınar Süt	5.288.200	3.162.016
Other	2.600.000	1.700.000
	30.660.788	**18.478.615**

(*) On Ordinary General Assembly Meeting for the year 2015 as of 25 March 2016, it has been decided to distribute dividend amounting to TL 44.634.950 (31 December 2015: TL 26.834.301). TL 13.974.162 portion of this dividend (31 December 2015: TL 8.355.685) was paid to other shareholders.

n) Donations:

Yaşar Eğitim Vakfı	581.575	340.175
Yaşar Üniversitesi	200.000	350.000
	781.575	**690.175**

o) 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:

	1 January - 31 December 2016	1 January - 31 December 2015
Total short-term employee benefits	6.125.241	5.532.652
After severance benefits	126.489	108.740
Other long-term benefits	88.166	22.883
	6.339.896	**5.664.275**

The portion of total short-term benefits amounting to TL 2.600.000 (31 December 2015: TL 1.700.000) consists of Board of Directors appropriation according to the decision taken at the Ordinary General Assembly.

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ö) Bails given to related parties:

As of 31 December 2016 Pınar Süt, Pınar Et, YBP, Çamlı Yem and DYO Boya have provided joint and several guarantee to Yaşar Holding; for its Eurobond issued in international markets at 6 November 2014, amounting to USD 250,000,000 equivalent of TL 879.800.000 (2015: USD 250,000,000 equivalent of TL 726.900.000) due 6 May 2020. An Indemnity Agreement was signed between Yaşar Holding and the abovementioned guarantors on 3 November 2014, which states that in an occurrence of an event where a guarantor makes a payment related with the guarantee provided; Yaşar Holding will indemnify the paying guarantor. If Yaşar Holding fails to indemnify the paying guarantor, each of the guarantors will indemnify the paying guarantor by 1/5 of the payment amount.

The Company jointly guarantees the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR 11.111.111, equivalent of TL 41.221.111 (2015: EUR 22.222.222,equivalent of TL 70.613.333) (Note 26).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables:

	31 December 2016	31 December 2015
Customer current accounts	17.726.458	14.818.914
Cheques and notes receivable	3.433.908	6.433.876
	21.160.366	**21.252.790**
Less: Provision for impairment of receivables	(339.779)	(339.779)
Unearned finance income	(112.905)	(201.698)
	20.707.682	**20.711.313**

The effective weighted average interest rate on TL denominated trade receivable is 9,24% as of 31 December 2016 (2015: 11,37%) maturing within two months(2015: within two months).

The agings of trade receivables as of 31 December 2016 and 2015, over which no provision for impairment is provided, are as follows:

	31 December 2016	31 December 2015
Overdue	2.349.838	1.465.075
0 - 30 days	10.663.610	9.691.309
31 - 60 days	6.549.737	7.778.978
61 - 90 days	1.044.497	294.741
91 days and over	100.000	1.481.210
	20.707.682	**20.711.313**

As of 31 December 2016, trade receivables of TL2.349.838 (2015: TL1.465.075), 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 49.a).

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

The aging of overdue receivables as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
0 - 30 days	2.338.041	1.419.949
30 days and over	11.797	45.126
	2.349.838	**1.465.075**

b) Short-term trade payables:

Supplier current accounts	68.974.335	59.978.281
Cheques	1.035.180	1.703.300
	70.009.515	**61.681.581**
Less: Unincurred finance cost	(410.493)	(427.528)
	69.599.022	**61.254.053**

As of 31 December 2016, The effective weighted average interest rate on TL denominated trade payable is 9,30% p.a. (2015: 11,15% p.a). Trade payables mature within one month (2015: one month).

NOTE 9 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2015: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

a) **Short-term other payables:**

	31 December 2016	31 December 2015
Taxes and funds payable	2.461.349	1.884.304
Other	145.830	93.410
	2.607.179	**1.977.714**

NOTE 11 – INVENTORIES

	31 December 2016	31 December 2015
Raw materials	9.897.424	12.037.558
Raw materials in transit	2.079.849	2.427.268
Work in progress	16.691.467	14.492.663
Finished goods	12.007.068	14.831.553
Spare parts	5.325.000	5.028.234
Other	708.342	603.607
	46.709.150	**49.420.883**

The costs of inventories recognised as expense and included in cost of sales amounted to TL453.071.052 (2015: TL423.916.370) (Note 29). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell.

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NOTE 12 - BIOLOGICAL ASSETS

	31 December 2016	31 December 2015
Cattle	13.005.644	6.711.357
	13.005.644	**6.711.357**

The company raises of livestock comprising calf for slaughter. As of 31 December 2016, there are total of 2,479 units (31 December 2015: 1,590 units).

The movement of biological assets during the year is as follows:

	2016	2015
Beginning of the period (1 January)	**6.711.357**	**1.060.977**
Increase due to production and purchases	17.903.983	8.869.113
Sales and mortality during the year	(12.286.917)	(3.218.733)
Gain arising from changes in fair value less estimated point-of-sale costs	677.221	-
Period end (31 December)	**13.005.644**	**6.711.357**

NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2016	31 December 2015
a) Short-term prepaid expenses		
Prepaid expenses	1.266.893	2.182.746
Advances given	1.030.992	90.613
	2.297.885	**2.273.359**
b) Long-term prepaid expenses		
Advances given	147.738	115.841
	147.738	**115.841**
a) Deferred income		
Advances received	23.691	96.363
	23.691	**96.363**

NOTE 14 - INVESTMENT PROPERTY

None (31 December 2015: None).

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2016 were as follows:

	1 January 2016	Additions	Disposals	Transfers	31 December 2016
Cost or valuation:					
Land	85.109.400	-	-	-	85.109.400
Buildings and land improvements	60.116.734	2.665.066	-	922.087	63.703.887
Machinery and equipment	61.992.519	9.054.867	(2.560.082)	31.331	68.518.635
Furniture and fixtures	39.674.604	2.440.884	(1.669.608)	71.000	40.516.880
Motor vehicles	2.385.171	575.457	-	-	2.960.628
Construction in progress	96.522	927.896	-	(1.024.418)	-
	249.374.950	**15.664.170**	**(4.229.690)**	**-**	**260.809.430**
Accumulated depreciation:					
Buildings and land improvements	-	(1.861.029)	-	-	(1.861.029)
Machinery and equipment	-	(7.412.853)	1.975.732	-	(5.437.121)
Furniture and fixtures	(28.648.973)	(2.636.365)	1.661.442	-	(29.623.896)
Motor vehicles	(2.009.621)	(98.071)	-	-	(2.107.692)
	(30.658.594)	**(12.008.318)**	**3.637.174**	**-**	**(39.029.738)**
Net book value	**218.716.356**			**-**	**221.779.692**

As of 31 December 2016, additions to land, buildings and land improvements and machinery and equipment mainly consist of plant investments and machineries purchased for modernization.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2015 were as follows:

	1 January	Additions	Disposals	Transfers	Net off Accumulated Depreciation Before Revaluation	Increase/ (Decrease) in Revaluation	31 December 2015
Cost/ revaluation:							
Land	63.964.004	-	-	-	-	21.145.396	85.109.400
Buildings and land improvements	64.873.717	4.041.069	-	1.658.929	(4.304.759)	(6.152.222)	60.116.734
Machinery and equipment	77.005.605	5.776.021	(176.085)	-	(21.091.489)	478.467	61.992.519
Furniture and fixtures	37.966.891	2.641.110	(933.397)	-	-	-	39.674.604
Motor vehicles	2.110.139	326.138	(51.106)	-	-	-	2.385.171
Construction in progress	-	1.755.451	-	(1.658.929)	-	-	96.522
	245.920.356	**14.539.789**	**(1.160.588)**	**-**	**(25.396.248)**	**15.471.641**	**249.374.950**
Accumulated depreciation:							
Buildings and land improvements	(2.426.650)	(1.878.109)	-	-	4.304.759	-	-
Machinery and equipment	(14.778.568)	(6.418.351)	105.430	-	21.091.489	-	-
Furniture and fixtures	(26.969.400)	(2.526.964)	847.391	-	-	-	(28.648.973)
Motor vehicles	(1.994.431)	(66.296)	51.106	-	-	-	(2.009.621)
	(46.169.049)	**(10.889.720)**	**1.003.927**	**-**	**25.396.248**	**-**	**(30.658.594)**
Net book value	**199.751.307**						**218.716.356**

As of 31 December 2015, additions to land, buildings and land improvements and machinery and equipment mainly consist of plant investments and machineries purchased for modernization.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year's depreciation and amortisation charges were allocated to cost of goods sold by TL 8.279.094 (2015: TL7.431.188), to the cost of inventories by TL508.137 (2015: TL364.367), to general administrative expenses by TL1.020.676 (2015: TL861.922) (Note 34.b), to selling and marketing expenses by TL2.287.703 (2015: TL2.306.489) (Note 34.a), to research and development expenses by TL124.273 (2015: TL77.206) (Note 34.c).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipments as of 31 December 2016 and 2015 were as follows:

1 January 2015	**93.593.840**
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements, machinery and equipments - net	15.549.128
Depreciation transfer due to revaluation increase classified in retained earnings	(3.617.044)
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	723.409
Fund decrease due to sale of property, plant and equipment - net	(6.837)
31 December 2015	**106.242.496**
Depreciation transfer due to revaluation increase classified in retained earnings	(3.727.015)
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	745.398
Fund decrease due to sale of property, plant and equipment - net	(306.664)
31 December 2016	**102.954.215**

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 2016 and 2015, are as follows:

31 December 2016:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	16.926.447	47.457.165	137.587.684
Less: Accumulated depreciation	-	(16.635.747)	(92.213.373)
Net book value	**16.926.447**	**30.821.418**	**45.374.311**
31 December 2015:			
Cost	16.926.447	43.870.012	130.754.904
Less: Accumulated depreciation	-	(15.646.952)	(89.939.078)
Net book value	**16.926.447**	**28.223.060**	**40.815.826**

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NOTE 16 - RIGHTS ON SHARES OF INACTIVATE, ENVIRONMENTAL REHABILITATION AND REHABILITATION FUND

None (2015: None).

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

None (2015: None).

NOTE 18 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2016 and 2015 were as follows:

	1 January 2016 Opening	**Additions**	**31 December 2016 Closing**
Costs:			
Rights	17.975.237	288.353	18.263.590
Accumulated amortisation	(17.712.501)	(211.565)	(17.924.066)
Net book value	**262.736**		**339.524**

	1 January 2015 Opening	**Additions**	**31 December 2015 Closing**
Costs:			
Rights	17.846.394	128.843	17.975.237
Accumulated amortisation	(17.561.049)	(151.452)	(17.712.501)
Net book value	**285.345**		**262.736**

NOTE 19 - GOODWILL

None (2015: None).

NOTE 20 - EXPLORATION FOR AND EVALUATION OF MINERAL RESERVES

None (2015: None).

NOTE 21 - LEASING

None (2015: See Note 25.b).

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NOTE 22 - SERVICE CONCESSION ARRANGEMENTS

None (2015: None).

NOTE 23 - IMPAIRMENT ON ASSETS

None (2015: None).

NOTE 24 - GOVERNMENT GRANTS AND INCENTIVES

In the scope of Turquality Project implemented in 2016 and 2015 by Undersecreteriat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL185.202 (2015: TL7.771) government incentive. The incentive amount is accounted as other income.

The Company has various investment incentive certificats obtained in different dates and the Company utulizes these investment incentive certificates according to current legislation (Note 41).

NOTE 25 - BORROWINGS AND BORROWING COSTS

a. Borrowings:

	31 December 2016	**31 December 2015**
Short-term borrowings	-	5.053.185
	-	**5.053.185**

As of 31 December 2016, the Company does not have any bank loans (31 December 2015: TL short term financial liabilities consist of agricultural credits with an annual average interest rate of 4%).

Guarantees given related with financial debt and borrowing is explained at Note 26.

As of 31 December 2015, fair value of borrowings is equal to carrying amount.

b. Leasing:

As of 31 December 2016 the Company has short-term lease obligations (As of 31 December 2015 the company has short-term lease obligations amounting to TL158.668).

i. Other financial liabilities:

Other financial liabilities	3.994.144	973.559
	3.994.144	**973.559**

As of 31 December 2016 and 2015, other financial liabilities consist of credit card debt.

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NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	31 December 2016	**31 December 2015**
a) Short-term provisions:		
Provision for litigations	53.200	53.200
	53.200	**53.200**
b) Guarantees given:		
Bails	921.021.111	797.513.333
Letters of guarantee	2.450.750	2.398.250
	923.471.861	**799.911.583**

As of 31 December 2016 Pınar Süt, Pınar Et, YBP, Çamlı Yem and DYO Boya have provided joint and several guarantee to Yaşar Holding; for its Eurobond issued in international markets at 6 November 2014, amounting to USD 250,000,000 equivalent of TL 879.800.000 (2015: USD 250,000,000 equivalent of TL726.900.000) due 6 May 2020. An Indemnity Agreement was signed between Yaşar Holding and the abovementioned guarantors on 3 November 2014, which states that in an occurrence of an event where a guarantor makes a payment related with the guarantee provided; Yaşar Holding will indemnify the paying guarantor. If Yaşar Holding fails to indemnify the paying guarantor, each of the guarantors will indemnify the paying guarantor by 1/5 of the payment amount.

The Company jointly guarantees the repayment of loans obtained by Yaşar Group companies from international markets and financialinstitutions amounting to EUR1 1.111.111, equivalent of TL 41.221.111 (2015: EUR 22.222.222,equivalent of TL 70.613.333).

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NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2016 and 2015 were as follows:

	31 December 2016			31 December 2015		
	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	2.450.750	2.450.750	TL	2.398.250	2.398.250
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 amout of other CPM			**921.021.111**			**797.513.333**
i.Total amount of CPM given to on			**879.800.000**			**726.900.000**
behalf of the majority shareholder	*USD*	*250.000.000*	879.800.000	*USD*	*250.000.000*	*726.900.000*
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C			**41.221.111**			**70.613.333**
	EUR	*11.111.111*	*41.221.111*	*EUR*	*22.222.222*	*70.613.333*
iii. Total amount of CPM given on behalf of third parties which are not in scope of C			**-**		**-**	**-**
TOTAL			**923.471.861**			**799.911.583**
The ratio of total amount of other CPM to Equity			%220			%196

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

NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

d) Guarantees received:

	31 December 2016			31 December 2015		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
Mortgages	TL	20.000	20.000	TL	70.000	70.000
Letters of guarantee	TL	6.642.000	6.642.000	TL	3.727.073	3.727.073
	EUR	264.250	980.341	EUR	177.358	563.573
	USD	12.650	44.518	USD	-	-
Guarantee notes	TL	315.000	315.000	TL	-	-
	USD	53.000	186.518	USD	53.000	154.103
			8.188.377			**4.514.749**

The Company does not have any guarantees received from related parties as of 31 December 2016 (2015: None).

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 2016, the fair value of the aforementioned properties located on the plots amounts to TL97.492.946. 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.

NOTE 27 - COMMITMENTS

The Company does not have any purchase commitments as of 31 December 2016 (2015: None).

NOTE 28 - EMPLOYMENT TERMINATION BENEFITS

	31 December 2016	31 December 2015
a) Payable due to employee benefits		
Social security premiums payable	1.817.059	946.379
Payables to personel	38.027	56.367
	1.855.086	**1.002.746**

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NOTE 28 - EMPLOYMENT TERMINATION BENEFITS (Continued)

b) Short-term provisions due to employee benefits

	31 December 2016	31 December 2015
Provision for seniority incentive bonus	351.848	294.566
Bonus provisions to top management	8.011	628.011
	359.859	**922.577**

The movement of bonus provision to top management is as follows:

	2016	2015
1 January	**628.011**	**628.011**
Bonus payment	(620.000)	-
31 December	**8.011**	**628.011**

c) Long-term provisions due to employee benefits

Provision for employment termination benefits	17.885.707	15.226.680
Provision for seniority incentive bonus	600.308	494.230
	18.486.015	**15.720.910**

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 TL4.297,21 for each year of service as of 31 December 2016 (2015: TL3.828,37).

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 TL4.426,16 which is effective from 1 January 2017 (1 January 2016: TL4.092,53) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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NOTE 28 - EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	31 December 2016	31 December 2015
Discount rate (%)	3,95	3,95
Probability of retirement (%)	98,35	98,21

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

	2016	2015
1 January	**15.226.680**	**13.107.839**
Interest costs	2.008.565	1.393.241
Actuarial losses	2.727.198	1.313.456
Paid during the year	(3.640.562)	(1.839.130)
Annual charge	1.563.826	1.251.274
31 December	**17.885.707**	**15.226.680**

The total of interest costs, actuarial losses and annual charge for the year is TL 6.299.589 (2015: TL3.957.971). TL3.572.391 portion (2015: TL2.644.515) of this amount was included in general administrative expenses and TL2.727.198 (2015: TL1.313.456) portion was included in other comprehensive income.

NOTE 29 - EXPENSES BY NATURE

	1 January - 31 December 2016	1 January - 31 December 2015
Direct material costs	453.071.052	423.916.370
Staff costs	52.002.217	43.783.656
Outsourced services	16.109.420	13.318.893
Advertisement	13.657.064	14.361.478
Depreciation and amortisation	12.076.113	11.008.943
Utilities	11.276.582	10.814.058
Repair and maintenance	9.798.301	9.048.499
Consultancy charges	8.386.988	7.900.117
Employment termination benefits	3.572.391	2.644.515
Rent	1.674.163	1.466.949
Other	4.556.717	5.270.380
	586.181.008	**543.533.858**

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NOTE 30 - OTHER ASSETS AND LIABILITIES

	31 December 2016	31 December 2015
a) Other current assets:		
Income accrual	227.560	148.341
	227.560	**148.341**
b) Other current liabilities:		
Expense accrual	20.959	14.405
	20.959	14.405

NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL1. The Company's historical authorised registered capital at 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Registered share capital (historical values)	100.000.000	100.000.000
Authorised registered share capital with a nominal value	43.335.000	43.335.000

The compositions of the Company's share capital at 31 December 2016 and 2015 were as follows:

	31 December 2016		31 December 2015	
Shareholders	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
Yaşar Holding (A,B)	23.476.895	54	23.476.895	54
Pınar Süt (A,B)	5.451.752	13	5.451.752	13
Public quotation (A,B)	14.406.353	33	14.406.353	33
Share capital	**43.335.000**	**100**	**43.335.000**	**100**
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 (2015: 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).

NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The companies registered in Turkey can exceed authorized registered share capital by way of increasing bonus shares from capital reserves, except for by cash, at once. However, capital increase by cash shall not exceed authorized registered share capital.

As at 31 December 2016, there are 4,333,500,000 (31 December 2015: 4,333,500,000) shares with1 Kr each.

The Company's capital is composed of 1.500.000 units of A type bearer share and 4.332.000.000 units of B type bearer share, and the B type bearer shares are traded on ISE. The business and administration of the Company shall be carried out by a Board of Directors consisting of 5, 7 and 9 members to be elected by the General Assembly under the provisions of the Turkish Commercial Code and Capital Markets Board regulations. If the Board of Directors consists of 5 members, if it consists of 3 or 7 members, if it consists of 4 or 9 members, 5 members will be selected among the candidates to be shown by the shareholders of group "A" and among the candidates to be shown by shareholders "B" group. If the Board of Directors decides, the Managing Director / Members may be elected. However, the Chairman of the Board of Directors and the Managing Director / Members are selected among the members representing group "A".

The Board of Directors is authorized to issue shares above or below the privileged and nominal value to restrict new capital requirements in separate groups in accordance with the provisions of the Capital Markets Law and to restrict shareholders' rights to acquire new shares or to restrict the rights of privileged shareholders. At the end of the capital increases to be made from internal sources, bonus shares are given to existing shareholders in proportion to their shares.

Retained earnings and certain reserves according to the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. According to the Turkish Commercial Code, the first legal reserve is appropriated as 5% of the statutory net profit up to 20% of the paid-up capital of the company. The second legal reserve is 10% of the distributed profit exceeding 5% of the paid-up capital. According to the Turkish Commercial Code, the legal reserves can only be used to offset losses, unless they exceed 50% of the paid capital, and it is not possible to use them any other way.

The aforementioned amounts accounted for under "Restricted Reserves" in accordance with Turkish Financial Reporting Standards ("TFRS"). At 31 December 2016, the restricted reserves of the Company amount to TL34.802.135 (2015: TL30.555.315). The unrestricted reserves of the Company, amounting to TL81.047.137 (2015: TL63.423.009), is classified in the "Retained Earnings".

In accordance with the 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".

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NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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

Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1 settled by CMB on 1 February 2014.

Based on CMB Communiqué, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations. 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 their articles of association and their previously publicly declared profit distribution policies.

In line with Article 26 of the Company's Articles of Association, previous year losses, if any, are deducted from the net period profit and then overall legal reserve and the first dividend are allocated according to the Capital Markets Board legislation. Of the remaining portion, an amount up to 5% can be set aside as allocation provision for the members of board of directors and for other items which the board of directors will determine and deem necessary in line with the decision made by the General Assembly.

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

Dividend is distributed for shares available as of accounting period of all of them equally without regarding to the dates of issue and acquisition.

In accordance with the decision taken at the Ordinary General Assembly held on 29 March 2016, the Company has decided to distribute the distributable profit amounting to TL44.634.950 as dividend and board of directors' It was decided to pay the payments on 31 May 2016 in order to distribute dividends. In consideration of this profit distribution decision, the Company has allocated "Restricted Reserves" which is amounting to TL4.246.820 from the profit of year 2015. Since the general assembly for 2016 has not been made yet, no profit distribution decision has been taken.

NOTE 32 - REVENUE AND COST OF SALES

	1 January - 31 December 2016	**1 January - 31 December 2015**
Domestic sales	751.180.136	712.310.542
Export sales	20.294.350	15.784.645
Gross Sales	**771.474.486**	**728.095.187**
Less: Discounts	(121.422.021)	(123.046.062)
Returns	(12.532.495)	(13.986.072)
Net Sales	**637.519.970**	**591.063.053**
Biological assets fair value differences	677.221	-
Cost of Sales	**(531.979.552)**	**(491.959.632)**
Gross Profit	**106.217.639**	**99.103.421**

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NOTE 33 - CONSTRUCTION CONTRACTS

None (2015: None).

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

	1 January - 31 December 2016	1 January - 31 December 2015
a) Marketing, selling and distribution expenses:		
Advertisement	13.657.064	14.361.478
Staff costs	4.187.538	4.207.848
Consultancy charges	3.310.837	2.961.389
Depreciation and amortisation	2.287.703	2.306.489
Outsourced services	2.118.378	1.495.649
Repair and maintenance	1.527.403	1.423.111
Utilities	1.445.715	1.339.023
Rent	424.780	461.856
Other	1.680.651	1.562.574
	30.640.069	**30.119.417**

b) General administrative expenses:		
Staff costs	6.857.722	6.959.713
Consultancy charges	5.006.842	4.880.855
Employment termination benefits	3.572.391	2.644.515
Outsourced services	2.719.804	1.533.700
Depreciation and amortisation	1.020.676	861.922
Taxes (except corporate tax)	440.915	488.951
Utilities	392.655	381.126
Repair and maintenance	151.246	209.451
Other	1.723.921	1.575.524
	21.886.172	**19.535.757**

c) Research and Development Expenses:		
Staff costs	951.567	1.066.788
Outsourced services	124.705	109.714
Depreciation and amortisation	124.273	77.206
Other	474.670	665.344
	1.675.215	**1.919.052**

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NOTE 35 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2016	**1 January - 31 December 2015**
a) Other operating income:		
Rent income	688.742	645.287
Income from sales of scrap	544.979	564.978
Foreign exchange gain	544.682	307.753
Unearned financial income	200.817	107.947
Other	248.482	289.887
	2.227.702	**1.915.852**
b) Other operating expense:		
Donations	(803.265)	(698.945)
Due date charges	(743.942)	(416.085)
Unearned financial expense	(134.252)	(240.825)
Foreign exchange loss	(12.166)	(47.951)
Other	(347.386)	(1.039.525)
	(2.041.011)	**(2.443.331)**

NOTE 36 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2016	**1 January - 31 December 2015**
a) Income from investment activities:		
Interest income calculated on other receivables from related parties	834.394	989.881
Income from sales of property, plant and equipment	160.601	14.578
Other	11.738	5.054
	1.006.733	**1.009.513**
b) Expense from investment activities		
Loss from sales of property, plant and equipment	(498.253)	(68.841)
	(498.253)	**(68.841)**

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

NOTE 37 - EXPENSES CLASSIFIED

Please refer to Note 29.

NOTE 38 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2016	1 January - 31 December 2015
i. Financial Income		
Bail income from related parties (Note 7 ii.c)	1.596.491	1.515.966
Interest income	443.926	626.499
Foreign exchange gain	239.520	160.621
	2.279.937	**2.303.086**
ii. Financial Expense		
Foreign Exchange loss	(161.842)	(98.050)
Interest expense	(160.415)	(54.716)
Bank commission expense	(64.035)	(63.880)
Bail expense from related parties	(7.500)	(7.500)
	(393.792)	**(224.146)**

NOTE 39 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

Please refer to Comprehensive Income.

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

None (2015: None).

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

As of 31 December 2016 and 2015, corporation taxes currently payable are as follows:

	31 December 2016	31 December 2015
Corporation taxes currently payable	8.731.395	7.033.462
Less: Prepaid corporate tax	(6.367.910)	(5.005.802)
Current income tax liabilities	**2.363.485**	**2.027.660**

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

Corporation tax is payable at a rate of 20% for 2016. (2015: 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% (2015: 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% (2015: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2015: 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 offseting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within 25th of fourth month following the close of the financial year to which they relate.

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

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

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

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 75% portion of the gains derived from the sales of preferential rights, usufruct shares and founding shares from investment equity and real porperty, 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 has to be collected up until the end of the second calendar year following the year the sale was realised.

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

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

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

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

Transfer Pricing

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

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's lenght 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 taxplayer 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.

The amount of disguised earnings will be will be finalized as the payment amount.

Taxation on income in the statement of comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	1 January - 31 December 2016	**1 January - 31 December 2015**
Current Corporation tax expense	(8.731.395)	(7.033.462)
Deferred tax income	(525.485)	(1.828.954)
Total taxation on income	**(9.256.880)**	**(8.862.416)**

The reconciliation of tax expense is as follows:

Profit before tax	**68.946.061**	**75.368.314**
Tax calculated at tax rates applicable to the profit	(13.789.212)	(15.073.663)
Expenses not deductible for tax purpose	(222.774)	(291.132)
Income not subject to tax	157.335	138.535
Tax effect upon the results of investments-in-associates	2.869.712	5.069.397
Deferred tax assets are capitalized and used during the period	1.763.848	1.292.808
Other	(35.789)	1.639
Total taxation on income	**(9.256.880)**	**(8.862.416)**

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

Deferred income taxes

The company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future periods under the liability mehtod using a principal tax rate of 20% (2015: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/ (liabilities) provided at 31 December 2016 and 2015 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		Deferred income tax assets/ (liabilities)	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Revaluation of property, plant and equipment	115.915.724	120.025.963	(12.961.509)	(13.783.572)
Difference between carrying values (excluding revaluation reserve) and tax bases tangible and and intangible assets	14.737.860	12.387.266	(2.510.825)	(2.040.706)
Provision for employment termination benefits	(17.885.707)	(15.226.680)	3.577.141	3.045.336
Difference between carrying value and tax bases of avaliable-for-sale investments	(1.761.518)	(1.755.678)	352.304	351.135
Investment incentives (*)	(3.742.864)	(7.239.365)	748.573	1.447.873
Other	(110.359)	(932.840)	22.072	186.568
Deferred income tax assets			4.700.090	5.030.912
Deferred income tax liabilities			(15.472.334)	(15.824.278)
Deferred income tax liabilities-net			**(10.772.244)**	**(10.793.366)**

(*) The Company has investment incentive certificate relating with production line investment. As of 31 December 2016, based on the best estimate of the Company management, it is highly probable to utilize investment incentive amounted to TL748.573 (2015: TL1.447.873)

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

1 January 2015	**(9.293.782)**
Credited to statement of comprehensive income	(1.828.954)
Charged to actuarial loss arising from defined benefit plans	262.691
Charged to fair value reserve of available-for-sale investments	(10.808)
Calculated on revaluation fund	77.487
31 December 2015	**(10.793.366)**
Credited to statement of comprehensive income	(525.485)
Charged to actuarial loss arising from defined benefit plans	545.440
Charged to fair value reserve of avaliable for sale investments	1.167
31 December 2016	**(10.772.244)**

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NOTE 42 - EARNINGS PER SHARE

		1 January - 31 December 2016	1 January - 31 December 2015
Profit for the period	A	59.689.181	66.505.898
Weighted number of 100 shares with a Kr1 face value (Note 31)	B	4.333.500.000	4.333.500.000
Earnings per share with a Kr1 face value	**A/B**	**1,3774**	**1,5347**

There are no differences between basic and diluted earnings per share. Since the General Assembly meeting of the year 2016 has not been performed yet, dividend distribution decision has not been taken.

NOTE 43 - SHARE-BASED PAYMENT

None (2015: None).

NOTE 44 - INSURANCE CONTRACTS

None (2015: None).

NOTE 45 - EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES

The foreign currency exposure of the Company is presented in Note 49.c.i.

NOTE 46 - REPORTING IN HYPERINFLATIONARY ECONOMIES

Please refer to Note 2.

NOTE 47 - DERIVATIVE FINANCIAL INSTRUMENTS

None (2015: None).

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NOTE 48 - FINANCIAL INSTRUMENTS

Avaliable for sale-investments:

	31 December 2016		31 December 2015	
	TL	%	TL	%
YDT	580.036	1,76	581.039	1,76
Bintur	96.941	1,33	101.778	1,33
	676.977		**682.817**	

YDT 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 2016, nominal discounts and growth rates are used in the fair value calculations.

As of 31 December 2016 and 2015, the discount and growth rates used in discounted cash flow models are as follows:

	Discount Rate		Growth Rate	
	2016	2015	2016	2015
Bintur	%19,00	%11,24	%1	%1
YDT	%17,80	%11,24	%1	%0

Movements of available-for-sale investments in 2016 and 2015 are as follows:

	2016	2015
1 January	**682.817**	**628.775**
Fair Value Change- YDT	(1.003)	40.592
Fair Value Change - Bintur	(4.837)	13.450
31 December	**676.977**	**682.817**

Movements of fair value reserve of available-for-sale investments in 2016 and 2015 are as follows:

1 January	**110.989**	**67.755**
Change in fair value - net	(5.840)	54.042
Deferrred income tax effect on fair value reserve of avaliable for sale investments (Note 41)	1.167	(10.808)
31 December	**106.316**	**110.989**

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

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

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

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial instutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and neccessary 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.The credit risk anaysis of the Company as of 31 December 2016 and 2015 are as follows:

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

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

31 December 2016

	Recievables				
	Trade Receivables (1)		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**80.267.399**	**20.707.682**	**22.705**	**174.882**	**405.172**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	78.280.892	18.357.844	22.705	174.882	405.172
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired	-	-	-	-	-
C. Net book value of assets past due but not impaired	1.986.507	2.349.838	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired					
- Past due amount (gross book value)	-	339.779	-	-	-
- Impairement amount (-)	-	(339.779)	-	-	-
- Colleteral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Colleteral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.

(2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.

(3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

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

31 December 2015

	Receivables				
	Trade Receivables (1)		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum amount of credit risk exposed as of reporting date					
(A+B+C+D+E) (2)	**52.356.985**	**20.711.313**	**9.527.094**	**26.971**	**4.657.056**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	51.615.190	19.246.238	9.527.094	26.971	4.657.056
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	741.795	1.465.075	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired					
- Past due amount (gross book value)	-	339.779	-	-	-
- Impairment amount (-)	-	(339.779)	-	-	-
- Colleteral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Colleteral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.

(2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.

(3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

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

31 December 2016

	Recievables		
	Related Parties	**Third Parties**	**Total**
1 - 30 days overdue	1.751.488	2.338.041	4.089.529
1 - 3 months overdue	230.275	11.797	242.072
3 - 6 months overdue	4.744	-	4.744
The part of credit risk covered with guarantees	-	-	-
	1.986.507	**2.349.838**	**4.336.345**

31 December 2015

	Recievables		
	Related Parties	**Third Parties**	**Total**
1 - 30 days overdue	447.436	1.419.949	1.867.385
1 - 3 months overdue	293.817	4.711	298.528
3 - 6 months overdue	542	40.415	40.957
The part of credit risk covered with guarantees	-	-	-
	741.795	**1.465.075**	**2.206.870**

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 49 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The liquidity risk analysis of financial liability types as of 31 December 2016 and 2015 is as follows:

	31 December 2016				
	Carrying Value	**Total Cash outflows per agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months(II)**	**1 - 5 years (III)**
Contractual maturity dates:					
Financial Liabilities					
Trade Payables	84.441.575	84.938.818	84.938.818	-	-
Other Payables and Other Financial Liabilities	7.770.019	7.770.019	7.770.019	-	-
	92.211.594	**92.708.837**	**92.708.837**	**-**	**-**

	31 December 2015				
	Carrying Value	**Total Cash outflows per agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months(II)**	**1 - 5 years (III)**
Contractual maturity dates:					
Financial Liabilities					
Bank borrowing	5.211.853	5.236.430	5.236.430	-	-
Trade payables	74.783.125	75.298.673	75.298.673	-	-
Other Payables and Other Financial Liabilities	2.013.434	2.013.434	2.013.434	-	-
	82.008.412	**82.548.537**	**82.548.537**	**-**	**-**

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.

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

	Foreign Currency Position							
	31 December 2016				31 December 2015			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Recievables	3.740.998	346.524	616.602	233.979	2.531.679	288.951	532.328	-
2a. Monetary Financial Assets (Cash, Bank Accounts included)	21.675	3.318	2.695	-	228.396	74.284	3.905	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	93.482	13.307	12.575	-	66.626	9.468	12.303	-
4. Current Assets (1+2+3)	**3.856.155**	**363.149**	**631.872**	**233.979**	**2.826.701**	**372.703**	**548.536**	**-**
5. Trade Recievables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non- Current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**3.856.155**	**363.149**	**631.872**	**233.979**	**2.826.701**	**372.703**	**548.536**	**-**
10. Trade Payables	684.202	-	184.426	-	2.633.384	28.777	590.257	674.112
11. Financial Liabilities	-	-	-	-	158.668	-	49.933	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**684.202**	**-**	**184.426**	**-**	**2.792.052**	**28.777**	**640.190**	**674.112**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (15+16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**684.202**	**-**	**184.426**	**-**	**2.792.052**	**28.777**	**640.190**	**674.112**
19. Net Asset/ Liability Position of Off-Balance Sheet Derrivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Amount of Hedged Aasset	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Amount of Hedged Liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset (Liability)	**-**	**-**	**-**	**-**				
Position (9-18+19)	**3.171.953**	**363.149**	**447.446**	**233.979**	**34.649**	**343.926**	**(91.654)**	**(674.112)**
21. Net Foreign Currency Asset (Liability) Position of Monetory Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**3.078.471**	**349.842**	**434.871**	**233.979**	**(31.977)**	**334.458**	**(103.957)**	**(674.112)**
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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25. Export	**20.294.350**	**2.447.266**	**2.847.157**	**4.065.911**	**15.784.645**	**2.539.478**	**1.893.926**	**3.695.954**
26. Import	**18.003.473**	**2.292.480**	**3.169.516**	**683.353**	**20.541.739**	**1.589.640**	**4.949.043**	**450.900**

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

31 December 2016

	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	127.799	(127.799)	127.799	(127.799)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect Net (1+2)	**127.799**	**(127.799)**	**127.799**	**(127.799)**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	165.998	(165.998)	165.998	(165.998)
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect Net (4+5)	**165.998**	**(165.998)**	**165.998**	**(165.998)**
Change of other currencies by average 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	23.398	(23.398)	23.398	(23.398)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**23.398**	**(23.398)**	**23.398**	**(23.398)**
TOTAL (3+6+9)	**317.195**	**(317.195)**	**317.195**	**(317.195)**

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

31 December 2015

	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	100.000	(100.000)	100.000	(100.000)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect – net (1+2)	**100.000**	**(100.000)**	**100.000**	**(100.000)**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR - net	(29.124)	29.124	(29.124)	29.124
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(29.124)**	**29.124**	**(29.124)**	**29.124**
Change of other currencies by average 10% against TL:				
7- Assets/ Liabilities denominated in other foreign currencies - net	(67.411)	67.411	(67.411)	67.411
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**(67.411)**	**67.411**	**(67.411)**	**67.411**
TOTAL (3+6+9)	**3.465**	**(3.465)**	**3.465**	**(3.465)**

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

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

ii) Interest rate risk

The Company does not have financial instrument with variable interest rate as of 31 December 2016 and 2015.

iii) Price risk

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

d) Capital Risk Management

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

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

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

	31 December 2016	**31 December 2015**
Finansal liabilities (Note 25)	3.994.144	6.185.412
Less: Cash and cash equivalents (Note 6)	(1.247.276)	(4.808.870)
Net debt	**2.746.868**	**1.376.542**
Total equity	**418.932.935**	**406.231.131**
Net debt / equity ratio	**%0,7**	**%0,3**

The Company management regularly monitors the debt/ equity ratio. The Company management regularly monitors the debt / equity ratio.

NOTE 50 - 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 8) and other receivables (Notes 10) 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 48. The Company's financial liabilities, classified as financial liabilities (Note 25), other financial liabilities and trade payables (Note 8) are categorized as financial liabilities measured at amortized costs using effective interest method.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by aquoted 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 neccessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not neccessarily indicative of the amounts the Company could realise in a current market exchange.

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

Financial assets

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

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2016 and 2015.

31 December 2016

	Level 1	**Level 2**	**Level 3** (*)	**Total**
Assets:				
Available-for-sale investments	-	-	676.977	676.977
Total Assets	**-**	**-**	**676.977**	**676.977**

31 December 2015

	Level 1	**Level 2**	**Level 3 (*)**	**Total**
Assets:				
Available-for-sale investments	-	-	682.817	682.817
Total Assets	**-**	**-**	**682.817**	**682.817**

(*) No transfers between Levels 1 and 2 during the years ended 31 December 2016 and 2015. For Level 3 Financial Instruments, please refer to Note 48.

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

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

The following table presents the Company's non-financial assets that are measured fair value at 31 December 2016 and 2015.

31 December 2016

	Level 1	Level 2	Level 3	Total
Plant, property, equipment:				
Land	-	85.109.400	-	85.109.400
Building and land improvements	-	61.842.858	-	61.842.858
Machinery and equipment	-	63.081.514	-	63.081.514
Biological Assets:				
Biological Assets	-	13.005.644	-	13.005.644
Total Assets	**-**	**223.039.416**	**-**	**223.039.416**

31 December 2015

	Level 1	Level 2	Level 3	Total
Plant, property, equipment:				
Land	-	85.109.400	-	85.109.400
Buildings and land improvements	-	60.116.734	-	60.116.734
Machinery and equipment	-	61.992.519	-	61.992.519
Biological Assets:				
Biological Assets	-	6.711.357	-	6.711.357
Biological Assets	**-**	**213.930.010**	**-**	**213.930.010**

NOTE 51 - SUBSEQUENT EVENTS

None (31 December 2015: None).

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

None (31 December 2015: None).

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