

2012 ANNUAL REPORT OF BOARD OF DIRECTORS OF TAT KONSERVE SANAYİİ A.Ş.

We would like to salute all our shareholders on account of our Forty Fifth Ordinary General Assembly convening in order to examine and conclude the results of the year 2012.

Part 1 General Information

1. Report Period

01.01.2012 – 31.12.2012

2. Title of the Company

Tat Konserve Sanayii A.Ş.

3. Trade Registry No.

96638

4. Contact Address

Taşdelen Mahallesi Sırrı Çelik Bulvarı No:7 Çekmeköy / İstanbul

5. Phone Number

0216 430 00 00

6. Website

www.tatkonsERVE.com

7. Capital and Shareholder Structure

As of the end of 2012, the registered capital ceiling of our company is TL 250.000.000 and the paid-in capital is TL 136.000.000 and there was no change that took place in the course of the year. Our company has no privileged shares.

Name/Title of the Shareholder	Share Amount (TL)	%
Koç Holding A.Ş.	59.364.947,17	43,65
Temel Ticaret Yat.A.Ş.	4.427.888,60	3,26
Kagome Co Ltd.	5.071.168,20	3,73
Sumitomo Corp.	2.077.983,34	1,53
Other	9.094.012,69	6,69
Public	55.964.000,00	41,15
TOTAL	136.000.000,00	100,00

Issued Securities

There is no security issued by our Company.

8. Amendments to Articles of Association

During the General Assembly held on 21.03.2012, article 4 regarding Manners of Operation, article 11 regarding the Board of Directors, article 13 of the Provisions Regarding the Board of Directors, and article 14 Regarding the Powers of the Board of Directors of Articles of Association of our Company were amended and the article 35 is inserted in the Articles of Association under the name Compliance with Corporate Governance. Relevant amendments have been published in Turkish Trade Registry Gazette dated 03.04.2012 and numbered 8040.

9. Information on the Board of Directors, Senior Managers and Staff

Within the framework of the provisions of Turkish Commercial Code and Articles of Association, the Board of Directors and the Auditors are appointed by the General Assembly to serve until the next General Assembly. The changes in the Board of Directors during the period take place for approval by the next Ordinary General Assembly. The company's Ordinary General Assembly for year 2011 took place on 21.03.2012.

Board of Directors

Name, Last Name	Title	Appointed on
İbrahim Tamer Haşimoğlu	Chairman	21.03.2012
Semahat Sevim Arsel	Deputy Chairman	21.03.2012
Dr.Nüsret Arsel	Member	21.03.2012
Mustafa Rahmi Koç	Member	21.03.2012
Mustafa Vehbi Koç	Member	21.03.2012
Mehmet Ömer Koç	Member	21.03.2012
Yıldırım Ali Koç	Member	21.03.2012
Arif Nuri Bulut	Independent Member	21.03.2012
Mansur Özgün	Independent Member	21.03.2012
Kunihiko Sato	Member	21.03.2012
Arzu Aslan Kesimer	Member/General Manager	21.03.2012

Changes in the Board of Directors within the Period

The vacant memberships of the board of directors due to resignation of Mr. İbrahim Tamer Haşimoğlu, Mr. Dr. Nüsret Arsel, Mr. Mehmet Ömer Koç, Ms. Arzu Aslan Kesimer elected to represent Koç Holding A.Ş., and Mr. Kunihiko Sato elected to represent Kagome Co. Ltd. during the General Assembly held on 21st March 2012 under article 25 named Board of Directors of the Code numbered 6103 Regarding the Enforcement and Manner of Implementation of the Turkish Commercial Code were filled by the appointment of Mr. İbrahim Tamer Haşimoğlu, who became a candidate personally, Mr. Dr. Nüsret Arsel, Mr. Mehmet Ömer Koç, Ms. Arzu Aslan Kesimer and Mr. Kunihiko Sato, who have nominated personally for Membership in the Board of Directors, by the decision of the Board of Directors dated 28.08.2012 and numbered 2012/18 and due registration has taken place.

Auditors

Name, Last Name	Title	Appointed on
Başar Engin	Auditor	21.03.2012
İnanç Kiraz	Auditor	21.03.2012

Duties and Powers of the Members of the Board of Directors and Auditors

The Members of the Board of Directors have the powers as specified in the respective articles of the Turkish Commercial Code and article 14 of the Articles of Association of the Company. Article 17 of the Articles of Association of our Company determines the duties and powers of the Auditors.

Committees of Board of Directors

<i>Audit Committee</i>	Title	Starts	Ends
Mansur Özgün	Chairman	26.04.2012	20.03.2013
Arif Nuri Bulut	Member	26.04.2012	20.03.2013

<i>Corporate Governance Committee</i>	Title	Starts	Ends
Mansur Özgün	Chairman	26.04.2012	20.03.2013
Mehmet Ömer Koç	Member	26.04.2012	20.03.2013

<i>Risk Management Committee</i>	Title	Starts	Ends
Arif Nuri Bulut	Chairman	25.07.2012	20.03.2013
Yıldırım Ali Koç	Member	25.07.2012	20.03.2013

10. Senior Managers

Name, Last Name	Position	Professional Experience (Years)	Educational Background
Arzu Aslan Kesimer	General Manager	21	Marmara University / Bosphorus University MBA
Tamer Soyupak	Assistant General Manager – Accounting and Finance	26	Istanbul University / Koç University MBA
Ahmet Tekin Özden	Assistant General Manager – Marketing and Business Affairs	23	Gazi University / National University MBA
Hakan Turan (*)	Assistant General Manager – Production	22	ITU / Bosphorus University MBA
Okan Çığır(*)	Trade Marketing Director	31	9 Eylül University

(*) Our Trade Marketing Director, Mr. Feridun Okan Çığır, quit our company on 20.04.2012. Mr. Hakan Turan was appointed as the Assistant General Manager in Charge of Production as of 04.05.2012.

11. Employee Movements

Number of Employees as of 31.12.2012 : 1.127
Number of Employees as of 31.12.2011 : 1.096

12. Collective Labor Contract Practices

The existing collective labor contract expired on 31.12.2012 and the negotiations for a collective labor contract with Tekgıda-İş Trade Union are currently in progress as of the date of the report.

13. Our Severance Pay Liability

As of 31.12.2012, our severance pay liability amounted to TL 10.583.314.
As of 31.12.2011, our severance pay liability amounted to TL 10.149.256.

Part 2

14. Financial Rights Granted to Members of Board of Directors and Senior Managers

The monthly remuneration determined in General Assembly is paid to the Chairman and Members of the Board of Directors, and the Senior Management of the Company is paid the monthly remuneration plus the annual premium based on performance. Moreover, the payments made are disclosed to public in the footnotes to our financial statements.

Transactions resulting conflict of interest, such as lending or making available a loan to the Members of our Board of Directors or our executives by the Company, are not allowed.

Total financial rights provided to the Members of the Board of Directors and senior managers in year 2012 are TL 4.816.625.

Part 3

15. Research and Development Studies

The purpose of the R&D studies is the development of new products in parallel with the market and customer expectations, ensuring permanence in product and service quality. For this purpose, TL 22.636 has been spent on R&D activities in 2012.

Part 4 Company Operations and Important Developments relating thereto

16. Investments

In 2012, an investment of total TL 17.838.630 was made within the scope of renewal and modernization. The details of the investment expenditures based on production location are as follows.

Investments (TL)	2012	2011
Tomato Products and Canned Foods	6.777.561	5.290.208
Milk and Dairy Products	8.012.141	6.648.067
Meat and Meat Products	1.577.764	2.335.264
Pasta Products	1.077.537	565.694
Other	393.627	707.070
TOTAL	17.838.630	15.546.303

Incentives

Our company received the following inward processing authorization certificates in year 2012:

2012/D1-02672 (Certificate ending date -19/04/2013)

2012/D1-04323 (Certificate ending date -04/04/2013)

2012/D1-06365 (Certificate ending date -09/04/2013)

Such certificates provide VAT exemption for imports taking place within the scope thereof.

Investment Incentive Certificate dated 06.04.2012 and numbered 104911 was received for the Modernization investment in our Bursa Mustafakemalpaşa Tat Tomato and Canned Foods Plant. Investments taking place within the scope of the certificate are exempt from VAT and Customs Duty.

Our Bursa Mustafakemalpaşa Sek Dairy Plant has received Investment Incentive Certificate dated 18.07.2012 and numbered 106085 for Investment in Extension. Within the scope of the certificate, investments made are subject to a Tax Discount of 50%, and exemption from VAT and Customs Tax and a support for Employer's Share for Insurance Premium.

With the "Development of Daily Pasteurized Milk with Extended Shelf Life and Pasteurization Process by Ceramic Microfiltration Technology" project taking place at our Sek Dairy Plant, incentive was received from TÜBİTAK within the scope of Technology and Innovation Support Program (Teydeb) of the Scientific and Technological Research Council of Turkey.

17. The View of the Board of Directors Regarding Internal Control System and Internal Audit Activities

By a decision made during the meeting of our Board of Directors dated 26.04.2012, the principles of operation for the Audit Committee have been reviewed and revised according to the developments in the Capital Market Board regulations for the purpose of operation of accounting and reporting systems in our company within the framework of the applicable laws and regulations, disclosure of the financial information to public, and supervision of operation and efficiency for independent audit and internal control system. The Committee Responsible from the Audit assembles at least four times annually, in a way that at least once in every three months and the results of the meeting are recorded and submitted to the Board of Directors. The Committee immediately informs the Board of Directors in writing on the findings and suggestions reached in relation to its area of duty and responsibility.

18. Information on the Direct and Indirect Subsidiaries of the Company and Shareholding Therein

The shareholding rates as of 31st December 2012 are provided below.

Title	31.12.2012
Harranova Besi ve Tarım Ürünleri A.Ş.	58,2%
Tat Tohumculuk A.Ş.	30,0%
Alaşehir Alk.İçk.A.Ş.	18,4%
Ram Dış Ticaret A.Ş.	7,5%

19. The Company's Shares Acquired by the Company

None.

20. Private Audit and Public Audit within 2012

Ordinary audit is performed by the various public institutions within year 2012 and there is no important formal notice served to us.

21. Information about the cases filed against the Company, which may have an impact on the financial standing and operations of the Company and their possible outcomes

None.

22. Administrative or judicial sanctions applied for the Company and the Board of Directors due to violation of the provisions of the legislation

None.

23. Comparison of the Resolutions by the General Assembly

The resolutions made during the Ordinary General Assembly held on 21.03.2012 have been implemented.

24. Information Regarding the Extraordinary General Assembly Held within the Year

No Extraordinary General Assembly held.

25. Expenditures within the Framework of Donations and Social Responsibility Projects within the Year

Social aid of TL 144.487 has been provided to organizations with social purposes.

26. Company Report Prepared within the Scope of Article 199 of the Turkish Commercial Code

Under article 199 of the Turkish Commercial Code numbered 6102 that entered into force on 1st July 2012, the Board of Directors of Tat Konserve Sanayii A.Ş. is liable to issue a report on the relations of the company with the major shareholder and the subsidiaries of the major shareholder in the past year within the three months of the current year and to include the conclusion of such report in the annual report. The necessary comments relating to the transactions of Tat Konserve Sanayii A.Ş. with the related parties are included in footnote 36 of the financial report.

The Board of Directors of our Company approved the report explaining our relationships with our major shareholders during the meeting dated 27.02.2013 within the scope of article 199 of the Turkish Commercial Code, and the conclusion section of the said report is as follows:

“It is concluded that, with respect to all the transactions of Tat Konserve Sanayii A.Ş. with the major shareholder and the subsidiaries of the major shareholder within the year 2012, in each transaction a proper counter-gain was obtained according to the conditions and status known by us when the transaction was entered into or the measure was taken or avoided and that there is no measure taken or avoided that can cause a loss for the company and that there is no transaction or measure requiring balancing within this framework.”

27. Information on the report regarding the terms of transactions reaching or exceeding 10% of total assets or total gross sales included in the annual financial statements disclosed to public under the Capital Market Board regulations and comparison with market conditions

During the meeting dated 27.03.2013, the Board of Directors of our Company approved the report on the transactions between the related parties that are extensive and continuous in nature within the scope of the Communique of the Capital Market Board Series: IV, No: 41, and the conclusion section of such report is as follows:

“As the amount of the product sale transactions with an extensive and lasting nature of our company with Düzey A.Ş. within an account period exceeds 10% of the total assets or total gross sale included in the annual financial tables to be disclosed to public based on the Communique of the Capital Market Board, Series: IV, No: 41, this report discloses the terms of transactions with Düzey A.Ş., method to determine price and grounds for choosing such method and provides information about the status of such transaction in the light of the market conditions.”

28. Information on the permission for the shareholders, who have control in management, members of the Board of Directors, and senior managers, and their spouses and relatives up to second generation by blood or by marriage, to enter into transactions that, in nature, may cause conflict of interests with the Company or subsidiaries and to compete

Authorization is received from the General Assembly within the framework of articles 395 and 396 of the Turkish Commercial Code.

Part 5 Financial Status

28. Analysis and Evaluation of the Board of Directors regarding Financial Status and Operational Results, Level of Realization of the Planned Operations, and the Standing of the Company in the Frame of Strategic Goals

The company's income statement explained in the Annual Report has been provided in details to the shareholders, by sorting out the current year's income/expense relating to the stock farming activity, which was resolved for cease, and also from the results of year 2011, with which they were compared. In this respect, the company's net sales increased by 12,4% to TL 777,8 million as compared to year 2011. The gross profit of the company increased by 14,8% to over TL 157 Million, and the net period profit for the continuing operations increased 52,6% to over TL 10 Million.

29. The Findings and Evaluations of the Board of Directors as to Whether the Company's Capital Remains Uncovered or Not or as to Whether it is Insoluble or Not

As stated in the report of the Risk Management Committee dated 26.02.2012, it has been assessed whether the company's capital remains uncovered or not within the scope of article 376 of the Turkish Commercial Code; and it is concluded that the issued capital of Tat Konserve Sanayii A.Ş. amounting to TL 136.000.000, remains in existence with the equity of TL 199.069.264 of the parent company as of 31.12.2012, and that the Company's debt structure, with a Net Financial Debt/Equity Ratio of 1,2, is convenient for the maintenance of operations.

30. Information on the Sales, Efficiency, Capacity to Create Revenues, Profitability and Debt/Equity Ratio of the Company and Other Matters to Give an Idea About the Results of the Company As Compared with the Past Years

Although economic factors have an impact on consumption habits and priorities, sensitivity for quality, health and sustainability have an important role on consumption. Therefore, it is expected that the importance of the food safety will be emphasized more and more, and that the efforts and practices of the Ministry of Food, Agriculture and Livestock will continue with an increase.

Turkey is among the countries with a high potential for growth in food sector with large and young population, low level of maturity and saturation in the market, existence of long-term sustainable economic structure and satisfactory per capita income. In addition, as an important agricultural producer with an ever-improving balance in trade of foods and drinks, Turkey is among the few countries with easy access to raw materials

In the sector, the retailers demand higher standards from the food producers, and the improvements will continue to the extent that the companies continue investing. With the organized retail becoming extensive and net income level increasing, the Turkish consumers shift their preferences to packed and processed

food, such as ready to eat meals and frozen food. In addition, increase in the number of women employed for full-time jobs supports the trend for demand in frozen and ready-to-eat food.

In parallel with all these developments and expectations, the Ministry of Food, Agriculture and Livestock has introduced new regulations for production in the category of meat and meat products starting from year 2013.

Turkish Food Codex Communique Regarding Meat and Meat Products was published in the Official Gazette dated 05.12.2012 and numbered 28488, and the date for enforcement of the Communiqué was determined as 05.03.2013, being three months as of the publication date.

The new regulations relating to the meat products shall not allow some mixture products available in the market now, resulting in a necessity to renew the existing product recipes. In order to ensure production within the scope of the new Communique, the firms engaging in operations in the sector have focused on new types of products, have placed orders for new machinery, have made changes in the factories differentiating the areas of production, and have rapidly completed their efforts for design and orders for packing materials.

It is possible that some ambiguities may arise in terms of product diversity and pricing for a while once the Communique is enforced. As always, the market will lead the sector in terms of both products and pricing.

The important issues introduced with the Communique are listed as below.

- Mixing meat originating from different animals is prohibited, and only ovine and bovine meat can be mixed with each other and the meat of poultry can be mixed with each other.
- Use of poultry severed mechanically is forbidden in products.
- When producing doner, burger and meatballs, it will not be possible to use proteins of non-animal origin, starch, substances containing starch, soy and soy products.

Introduction of new regulations with respect to production and packing in paste category is on the agenda of the Ministry as well, in addition to the changes in the meat and meat products, and renewal of the communique is expected.

The School Milk practice, realized by the Ministry for the first time and for a brief period of time in 2012, has been rearranged in a manner to cover the second half of the academic year 2012-2013. By the tender that took place, total 60 million liters of milk shall be distributed in 81 cities, and approximately 2.8 Million liters of milk shall be supplied by our Company.

It is expected that these practices shall support the development of the sector in our country and the increase of the milk production.

While the sales were realized by 2% above the figures of 2011 in the sector of paste and can products, the gross profit performed 10% above the preceding year.

Milk and dairy products have provided a growth by 22% in turnover and 24% in gross profits.

While the turnover for meat and meat products was 11% above the last year, gross profit remained 5% below.

The turnover for the pasta products exceeded last year's figures by 12% and gross profit exceeded last year's figure by 24%. Being the market leader of the premium segment of the pasta sector with its Pastavilla brand, Tat continues the strategy to maintain its market share in this sector, keeping the profit margin high.

When the domestic sales in 2011 and 2012 are compared for our products, the growths by categories were realized as 97% for pasteurized milk, 55% for tomato products, 36% for buttermilk, 29% for butter, 21%

for vegetables, 22% for cream and breakfast food, 19% for mayonnaise, and 15% for UHT milk and yogurt.

Our company is the leader of the market in paste, tomato products and ketchup with Tat brand, in pasteurized milk with Sek brand, and in premium pasta categories with Pastavilla brand as of 2012. In addition, it is listed as the second brand in the mayonnaise category.

Movements Relating to Production

Production Plants	Products
Mustafakemalpaşa/BURSA	Tomato products, Cans, Sauce, Jam
Mustafakemalpaşa/BURSA	Milk and Dairy Products, Fruit and Vegetable Juices
Karacabey/BURSA	Paste, Can
Torbalı/İZMİR	Paste
Bornova/İZMİR	Pasta and Bakery Products
Tuzla/İSTANBUL	Meat and Meat Products
Harranova/ŞANLIURFA	Paste, Meat Production *

*By a resolution made by the Board of Directors of Harranova Besi ve Tarım Ürünleri A.Ş. on 29.06.2012, the livestock business have been ceased.

In year 2012, 187 thousand tons of raw milk was processed and 171 thousand tons of dairy products and 10 thousand tons of fruit juice, 13 thousand tons of meat and meat products, 64 thousand tons of wheat were processed; 41 thousand tons of pasta, 25 thousand tons of pasta byproducts, 343 thousand tons of tomatoes, 5 thousand tons of fruits and vegetables were processed; and 66 thousand tons of paste, 7 thousand tons of tomato products, 11 thousand tons of ketchup, 6 thousand tons of mayonnaise, 9 thousand tons of other canned products were produced in 7 enterprises of our company.

Production (Ton)	31.12.2012	31.12.2011
Tat Products		
Paste	65.662	58.351
Diced and Peeled Tomatoes	6.639	5.745
Vegetables and Other Canned Products	26.153	25.512
Maret Products		
Meat and Meat Products	12.737	15.786
Sek Products		
Milk	97.285	83.196
Fruit Juice	10.479	10.608
Cream	1.300	1.293
Yoghurt	51.712	50.640
Buttermilk	18.375	15.336
Sahlep	2.297	1.216
Other	4.324	4.171
Pastavilla Products		
Pasta	41.205	39.940
Other Byproducts	24.520	24.509

Net Sales	2012		2011		Difference %	
	TL	Ton	TL	Ton	TL	Ton
Tomato products and Canned Products	252.365.575	93.833	247.578.098	92.167	1,93	1,81
Milk and Dairy Products	347.226.784	177.182	284.406.654	161.846	22,09	9,48
Meat and Meat Products	111.341.026	9.248	100.170.299	11.620	11,15	(20,42)
Pasta and Bakery Products	66.812.463	41.515	59.514.904	40.828	12,26	1,68
Total	777.745.848	321.778	691.669.955	306.461	12,44	5,00

Summary Income Statement (Million TL)	2012	Rearranged in 2011**	2011	2010	2009	2008
Income from Sales (Net)	778	692	758	787	694	629
Gross Real Operating Profit	158	137	136	144	140	114
FVAÖK	46	40	36	58	70	51
Net Real Operating Profit *	29	25	21	42	56	38
Profit Before Tax	14	9	5	27	38	0
Net Period Profit	3	9	9	16	34	(4)

Basic Indicators (%)	2012	Rearranged in 2011**	2011	2010	2009	2008
Gross Profit Margin	20,3	19,8	18,0	18,3	20,2	18,1
FVAÖK Margin	5,9	5,8	4,8	7,4	10,1	8,1
Operating Profit Margin	3,7	3,6	2,7	5,4	8,0	6,1
Net Profit Margin	0,4	1,3	1,2	2,1	4,9	(0,7)
Current Rate	1,7	2,7	2,7	2,0	1,4	1,0
Liquidity Rate	0,9	1,3	1,3	0,8	0,6	0,4
Net Debt/Equity Rate	1,2	1,0	1,0	1,1	1,3	1,8

* Other Operating Income/Expense figures have been eliminated.

** All the income/expense items relating to the livestock operations ceased based on the decision of the Board of Directors of Harranova Besi Company dated 29.06.2012, were classified into operations ceased under paragraph 33 of UFRS standard 5 “Non-Current Assets for Sale and Discontinued Operations” and data have been created for the current year. Under paragraph 34 of the same standard, the income statement for the previous period has been arranged on the same ground for comparison purposes. As specified in paragraphs 7 and 8 of the respective standard, the item of balance sheet was classified as assets held for sale as the management plans to sell the asset and active programs have been started for the determination of the purchasers and completion of the plan, as there is a high probability for sake and as it can be sold immediately.

31. Dividend Distribution Policy

There is no privilege regarding distribution of profits in our company. The profit distribution policy of our company, which is disclosed to public and also announced to our shareholders during the general assembly, is implemented within the framework of article 28 regarding "Distribution of Profit" of Articles of Association. In distribution of dividends, a decision is made to distribute a portion, which portion shall be determined by the General Assembly provided that it shall not be less than the rate specified in the Communiqué of the Capital Market Board, Series: IV, No. 27, of the distributable profit calculated according to the communiqués of the Capital Market Board regarding to the long-term strategies, investment and financing policies of our company and profitability, be distributed in cash or as bonus shares and in cash by certain proportions, with the General Assembly having the authority to decide.

According to the articles of association of our company, advance payments may be made on dividends, provided that the Board of Directors is authorized by the General Assembly to do so and provided that the Capital Market Board Code and the regulations of the Capital Market Board in this respect are duly observed. Such power granted by the General Assembly to the Board of Directors is limited to the year, in which such authorization is granted.

Part 6 Assessing the Risk and the Executive Body

32. If any, the Risk Management Policy to be Implemented by the Company against the Anticipated Risks

a) Equity Risk Management

The Company, while trying to ensure the continuity of its operations, aims to increase its profit by using the debt and equity balance in the most efficient way possible in the equity management.

The equity structure of the Company is composed of the debts including the loan and respectively cash and cash equivalents, issued capital, reserves and equity items including the profits from the previous years.

While managing the equity, the objectives of the Companies are; to sustain the most suitable equity structure for bringing return to its shareholders and decreasing the equity costs and to ensure the continuity of the Company's operations.

b) Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk due to its operations. The risk management program of the Company generally focuses on minimizing the possible negative effects of the uncertainty in the markets on the financial performance of the Company.

Risk Management is carried out by the Risk Management Committee in line with the policies approved by the Board of Directors.

33. Information on the Studies and Reports of the Early Risk Identification and Management Committee if formed

The Risk Management Committee has been established, during the Board of Directors meeting of our Company dated 25/07/2012, for the purpose of giving advice and suggestions to the Board of Directors for the purpose of early risk identification and developing an efficient risk management system, in consideration of the provisions stipulated by the Turkish Code of Commerce with the number 6102 and Corporate Governance Principles of the Capital Market Board.

The purpose of the Risk Management Committee is to give advices and suggestions to the Board of Directors on the early identification, assessment, calculating the impact and probability of strategic, operational, financial, legal and any other risks, which may endanger the existence, development and continuation of the Company, management, reporting of such risks according to the corporate risk taking profile of the Company, implementing the necessary actions related to the identified risk, considering the decision making mechanisms and developing and integration efficient internal control systems in connection thereto. The Committee assembles at the frequency as required by the appointed tasks.

34. Prospective Risks with Respect to Sales, Efficiency, Capacity to Create Income, Profitability, Debt/Equity Ratio and Similar Matters

The sales and gross profit of the company have increased by 15% and 12% respectively, and the debt/equity ratio has preserved a similar level by the end of 2012. There is no prospective risk notified to the Board of Directors of the Company.

35. Organization out of the Headquarters

None.

36. Distribution of Profit

In the Consolidated Balance Sheet of our Company prepared according to the Communiques of the Capital Market Board and submitted to your views, the Total Assets are found as TL 597.183.130 and Total Equity as TL 231.948.846 and the consolidated net profit from operations in 2012 is found as TL 2.695.963; while a net profit of TL 16.679.070 is gained according to statutory accounts. We herewith seek your approval for reserving the balances remaining after deducting TL 833.954 to be set as legal reserve fund from the consolidated profit of TL 2.695.963 created according to the Communiques of the Capital Market Board and from the profit of TL 16.679.070 occurring according to the records as to the Tax Procedures Code.

While concluding our report, we would like to thank our shareholders, our customers, our employees and all persons and corporates contributing to our Company. Wishing that the current year of 2013 will bring better days to our country, we once more salute our shareholders respectfully.

Yours faithfully,