

**TAT GIDA SANAYİ A.Ş.  
AND ITS SUBSIDIARY**

CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

(translated into English from  
the original Turkish copy)

**CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION**

To the Board of Directors of  
Tat Gıda Sanayi A.Ş.  
İstanbul

**Introduction**

We have reviewed the accompanying condensed consolidated financial statements of Tat Gıda Sanayi A.Ş. (the “Company”) and its subsidiaries (the “Group“), which comprise the condensed consolidated balance sheet as at 30 June 2014, and the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the six month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Istanbul, 8 August 2014

Yaman Polat, SMMM  
Partner

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# TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

<b>ASSETS</b>	<b>Notes</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Current Assets</b>		<b>360.377.528</b>	<b>410.102.075</b>
Cash and Cash Equivalents		2.055.904	10.330.825
Trade Receivables		236.115.340	208.265.991
-Trade Receivables from Related Parties	13	173.221.039	138.097.731
-Trade receivables from Third Parties	6	62.894.301	70.168.260
Other Receivables		-	10.614
Inventories	7	98.456.927	159.295.645
Prepaid Expenses		542.106	433.883
Other Current Assets	10	23.207.251	31.765.117
Non-Current Assets Held for Sale	12	54.992.242	39.981.522
<b>Non-Current Assets</b>		<b>145.421.201</b>	<b>116.834.466</b>
Other Receivables		74.970	74.970
Financial Investments	4	17.153.962	4.564.874
Property, Plant and Equipment	8	102.147.930	108.773.384
Intangible Assets		864.316	603.087
Prepaid Expenses		611.339	90.977
Deferred Tax Assets		3.082.652	2.727.174
Other Non-Current Assets	10	21.486.032	-
<b>TOTAL ASSETS</b>		<b><u>560.790.971</u></b>	<b><u>566.918.063</u></b>

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

# TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

<b>LIABILITIES</b>	<b>Notes</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Short Term Liabilities</b>		<b>285.457.772</b>	<b>224.613.441</b>
Short-term Financial Borrowings	5	22.426.280	2.265.742
Short-term Portion of Long-term Borrowings	5	159.363.637	127.811.887
Trade Payables		57.213.906	79.450.437
- Trade Payables to Related Parties	13	6.184.346	8.783.163
- Trade Payables to Third Parties	6	51.029.560	70.667.274
Deferred Income		21.785.371	573.656
Current Tax Liabilities		3.293.097	1.317.107
Employee Benefit Obligations		1.977.214	1.601.326
Other Short Term Liabilities		13.536.658	4.935.806
Short-term Provisions		703.164	2.891.230
- Other Short-term Provisions		-	55.000
- Short-term Provisions for Employment Benefits		703.164	2.836.230
		<b>280.299.327</b>	<b>220.847.191</b>
Liabilities related to asset groups held for sale	12	5.158.445	3.766.250
<b>Long Term Liabilities</b>		<b>49.182.622</b>	<b>120.490.832</b>
Long-term Borrowings	5	40.370.200	109.940.100
Long-term Provisions for Employment Termination Benefits		8.812.422	10.550.732
<b>EQUITY</b>		<b>226.150.577</b>	<b>221.813.790</b>
<b>Attributable to equity holders of the parent</b>		<b>206.922.312</b>	<b>201.722.586</b>
Paid-in Capital		136.000.000	136.000.000
Adjustment to Share Capital		21.601.088	21.601.088
Share Premium		10.107.809	10.107.809
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss		2.981.591	2.981.591
-Gain/loss on revaluation		2.981.591	2.981.591
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		378.595	533.935
-Actuarial losses in defined benefit plan		378.595	533.935
Restricted reserves appropriated from profit		60.404	60.404
Prior years' profit		30.437.759	27.943.690
Profit for the Period		5.355.066	2.494.069
<b>Non-Controlling Interests</b>		<b>19.228.265</b>	<b>20.091.204</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>560.790.971</b>	<b>566.918.063</b>

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

# TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

	Notes	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
<b>CONTINUING OPERATIONS</b>					
Sales	11	387.903.633	202.050.738	341.680.896	174.801.265
Cost of Sales (-)	11	( 303.429.809)	( 158.923.751)	( 262.527.348)	( 137.125.338)
<b>GROSS PROFIT</b>		<b>84.473.824</b>	<b>43.126.987</b>	<b>79.153.548</b>	<b>37.675.927</b>
Marketing Expenses (-)		( 46.806.284)	( 24.873.850)	( 46.146.250)	( 23.357.617)
General Administrative Expenses (-)		( 14.420.047)	( 7.952.207)	( 13.275.386)	( 6.328.930)
Research and Development Expenses (-)		( 7.229)	( 258)	( 3.028)	( 1.091)
Other Income from Operating Activities		9.630.241	4.623.959	6.371.983	2.403.731
Other Expenses from Operating Activities (-)		( 3.129.303)	( 386.034)	( 1.725.509)	( 2.206.963)
<b>OPERATING PROFIT</b>		<b>29.741.202</b>	<b>14.538.597</b>	<b>24.375.358</b>	<b>8.185.057</b>
Income from Investing Activities		59.365	( 9.402)	1.752.589	1.451.027
Expenses from Investing Activities (-)		( 232.907)	( 56.445)	( 99.783)	( 99.783)
Share of Profit of Investments Accounted for Using the Equity Method		( 910.912)	( 244.239)	911.767	504.055
<b>OPERATING PROFIT BEFORE FINANCE EXPENSES</b>		<b>28.656.748</b>	<b>14.228.511</b>	<b>26.939.931</b>	<b>10.040.356</b>
Finance Expenses (-)		( 12.268.154)	( 6.178.859)	( 11.995.096)	( 6.211.674)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>16.388.594</b>	<b>8.049.652</b>	<b>14.944.835</b>	<b>3.828.682</b>
<b>Tax Expense/Income from Continuing Operations</b>					
Current Tax Expense		( 3.168.843)	( 1.721.122)	( 3.060.759)	( 1.156.315)
Deferred Tax Income/(Expense)		627.964	1.000.232	313.928	640.105
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>13.847.715</b>	<b>7.328.762</b>	<b>12.198.004</b>	<b>3.312.472</b>
<b>DISCONTINUED OPERATIONS</b>					
<b>Losses After Tax from Discontinued Operations</b>	12	( 9.355.588)	( 5.693.771)	( 1.587.414)	850.769
<b>PROFIT FOR THE PERIOD</b>		<b>4.492.127</b>	<b>1.634.991</b>	<b>10.610.590</b>	<b>4.163.241</b>
<b>Profit for the Period Attributable to:</b>					
Non-Controlling Interests		( 862.939)	( 802.334)	( 769.188)	( 883.614)
Attributable to equity holders of the parent company		5.355.066	2.437.325	11.379.778	5.046.855
		<b>4.492.127</b>	<b>1.634.991</b>	<b>10.610.590</b>	<b>4.163.241</b>
<b>Earnings / (Loss) Per Share</b>		0,03	0,01	0,08	0,03
<b>Other Comprehensive Income/(Loss)</b>					
Gain/loss on remeasurement of defined benefit plans		( 155.340)	( 155.340)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4.336.787</b>	<b>1.479.651</b>	<b>10.610.590</b>	<b>4.163.241</b>
<b>Total comprehensive income for the period attributable to:</b>					
Non-Controlling Interests		( 862.939)	-802.334	( 769.188)	( 883.614)
Attributable to equity holders of the parent company		5.199.726	2.281.985	11.379.778	5.046.855
		<b>4.336.787</b>	<b>1.479.651</b>	<b>10.610.590</b>	<b>4.163.241</b>

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

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

	Share Capital	Adjustment on Share Capital	Share premium	Accumulated other comprehensive income or expenses that may be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Restricted reserves appropriated from profit	Net profit	Prior years' profit/losses	Equity Attributable to Owners of the Company	Non-controlling interest	Total equity
				Accumulated gain/loss on revaluation and/or reclassification of available for sale financial assets	Accumulated gain/loss on remeasurement of defined benefit plans						
<b>Balance at 1 January 2013</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>3.356.591</b>	-	<b>60.404</b>	<b>2.695.963</b>	<b>25.247.727</b>	<b>199.069.582</b>	<b>32.879.264</b>	<b>231.948.846</b>
Transfers	-	-	-	-	-	-	(2.695.963)	2.695.963	-	-	-
Total comprehensive income	-	-	-	-	-	-	11.379.778	-	11.379.778	(769.188)	10.610.590
<b>Balance at 30 June 2013</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>3.356.591</b>	-	<b>60.404</b>	<b>11.379.778</b>	<b>27.943.690</b>	<b>210.449.360</b>	<b>32.110.076</b>	<b>242.559.436</b>

	Share Capital	Adjustment on Share Capital	Share premium	Accumulated other comprehensive income or expenses that may be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Restricted reserves appropriated from profit	Net profit	Prior years' profit/losses	Equity Attributable to Owners of the Company	Non-controlling interest	Total equity
				Accumulated gain/loss on revaluation and/or reclassification of available for sale financial assets	Accumulated gain/loss on remeasurement of defined benefit plans						
<b>Balance at 1 January 2014</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>2.981.591</b>	<b>533.935</b>	<b>60.404</b>	<b>2.494.069</b>	<b>27.943.690</b>	<b>201.722.586</b>	<b>20.091.204</b>	<b>221.813.790</b>
Transfers	-	-	-	-	-	-	(2.494.069)	2.494.069	-	-	-
Total comprehensive income	-	-	-	-	(155.340)	-	5.355.066	-	5.199.726	(862.939)	4.336.787
<b>Balance at 30 June 2014</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>2.981.591</b>	<b>378.595</b>	<b>60.404</b>	<b>5.355.066</b>	<b>30.437.759</b>	<b>206.922.312</b>	<b>19.228.265</b>	<b>226.150.577</b>

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

# TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

	Notes	1 January- 30 June 2014	1 January- 30 June 2013
Profit before taxation from continuing operations		16.388.594	14.944.835
Profit from discontinued operations	12	(10.193.856)	(4.048.499)
<b>Adjustments to reconcile profit/loss for the period:</b>			
Adjustments related to depreciation and amortization expenses	3	4.767.649	7.220.188
Provision for inventory destruction		(790.692)	-
Adjustments related to provision for employee termination benefit		3.388.182	2.845.725
Adjustments related to allowances for doubtful receivables	6	(116.887)	44.316
Adjustments related to provision for lawsuit		395.400	-
Adjustments related to provision for unused vacation		(105.840)	535.146
Share of profit of investments accounted by the equity method	4	910.912	(911.767)
Adjustments related to profit from subsidiary dividend		-	(1.907.396)
Adjustments related to income accruals		(4.700.306)	(6.133.452)
Adjustments related to expense accruals		2.549.817	-
Profit from sale of tangible assets		(59.365)	(1.107.868)
Financial liabilities and assets unrealized foreign exchange differences (net)		(109.000)	116.027
Interest income		(8.928.667)	(116.178)
Interest expense		12.268.154	11.661.274
<b>Operating profit before working capital change</b>		<b>15.664.095</b>	<b>23.142.351</b>
Adjustments related to decrease in trade receivables and other receivables		11.833.717	21.488.799
Adjustments related to increase in due from related parties		(35.123.308)	(30.298.429)
Adjustments related to decrease in inventories		47.216.870	50.796.128
Adjustments related to increase in prepaid expenses		(628.585)	(10.440.192)
Decrease in non-current assets held for sale		15.188.845	-
Increase/ (decrease) in liabilities directly associated with assets classified as held for sale		(2.443.316)	-
Adjustments related to increase in other non-current assets		8.568.480	(8.465.393)
Adjustments related to increase in other current assets		(21.486.032)	(92.720)
Adjustments related to decrease in trade payables		(19.637.714)	(5.214.643)
Adjustments related to decrease liabilities to related parties		(2.598.817)	(576.402)
Adjustment related to increase/(decrease) on deferred income		21.211.715	4.093.154
Adjustment related to increase/(decrease) for employee benefit payables		375.888	742.184
Adjustments related to increase in other current liabilities		6.049.785	16.638.379
Adjustments related to increase/(decrease) in provisions for employee benefit		(1.984.386)	(447.529)
<b>Cash generated from activities</b>		<b>42.207.237</b>	<b>61.365.687</b>
Employee termination benefits paid		(2.498.201)	(2.473.910)
Payables related to current period tax		-	(1.755.635)
Taxes paid		(1.192.853)	(2.261.435)
<b>Cash generated from operations</b>		<b>38.516.183</b>	<b>54.874.707</b>
<b>Investing activities:</b>			
Tangible and intangible asset acquisitions	3	(12.269.041)	(10.739.745)
Cash generated from sale of tangible and intangible assets		66.036	17.772.610
Dividend received		-	2.297.396
Cash inflows from short term financial investments		-	189.576
Jointly controlled entity acquisition	4	(13.500.000)	-
Interest received		8.928.667	19.075
<b>Net cash used in investing activities</b>		<b>(16.774.338)</b>	<b>9.538.912</b>
<b>Financing activities:</b>			
Changes due to financial liabilities		(126.476.782)	(124.375.092)
Changes due to bonds issued		-	50.000.000
Cash inflows due to loan received		108.699.666	20.310.000
Interest paid		(12.239.650)	(10.637.030)
<b>Net cash generated from/(used in) financing activities</b>		<b>(30.016.766)</b>	<b>(64.702.122)</b>
<b>Net change in cash and cash equivalents</b>		<b>(8.274.921)</b>	<b>(288.503)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>10.330.825</b>	<b>1.028.110</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2.055.904</b>	<b>739.607</b>

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



## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP**

Tat Gıda Sanayi A.Ş. (“Tat Gıda” or “the Company”) was established in 1967 with the name Tat Konserve Sanayii A.Ş., the name change of the Company was decided at the extraordinary assembly meeting on 30 October 2013 and registered on 15 November 2013. The Company is engaged in production, distribution, marketing, domestic and foreign trade and brokerage of semi finished goods and finished goods of such products; merchandise goods, food, beverage, juice, agricultural and animal products, frozen foods, dried goods, including pulverized goods and raw and primitive form of materials recipient and additives, sweet and sugar free juice and caned goods. The Company is registered in Turkey and is operating in accordance with the Turkish Commercial Code. The Company has 1.195 employees at 30 June 2014 (31 December 2013: 1.044).

The domestic marketing and sales activities of the Company are performed by Düzey Tüketim Malları Sanayi Pazarlama A.Ş. (“Düzey”), a Koç Group company.

Koç Holding A.Ş. is the main shareholder and the ultimate owner of the Group.

Harranova Besi ve Tarım Ürünleri A.Ş. (“Harranova Besi”) the subsidiary of the Company has operations in tomato production. Based on the decision taken at the meeting of Board of Directors on 23 June 2014, Company has signed share transfer agreement to sell the all shares of Harranova Besi, already owned 10% shares in the Harranova Besi’s capital, with The Morning Star Company (“Morningstar”) which is stated in United States of America, State of California (Note 12).

Tedi İçecek Sanayi ve Ticaret A.Ş. have operations in import and sale of fruit juice and it is joint venture of the Company.

Parent company Tat Gıda Sanayi A.Ş., its subsidiaries Harranova Besi and its joint venture Tedi İçecek Sanayi ve Ticaret A.Ş, will be referred as “Group” in enclosed notes.

The shares of the Company are quoted to Istanbul Stock Exchange Market since 1993.

The registered office address of the Company is as follows:

Taşdelen Çamlık Mah. Sırrı Çelik Bulvarı No:7  
34788 Çekmeköy / İstanbul / Türkiye

#### **Approval of financial statements:**

Consolidated financial statements are authorized for issue by Board of Directors meeting on 8 August 2014; on behalf of the Board of Directors Arzu Aslan Kesimer, Board Member/General Manager, and Ahmet Çağışan Yılmaz, Chief Financial Officer signed the consolidated financial statements. The General Assembly has authority to amend these consolidated financial statements.

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

##### **2.1 Statement of Compliance**

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation.

The considered financial statements and notes have been represented in accordance with the communique numbered II, 14.1 “Communique on the Principles of Financial Reporting in Capital Markets” (“the Communique”) announced by Capital Market Boards (“CMB”) on 13 June 2013 which is published on *offşçşal* Gazette numbered 28676. In accordance with article 5th of communique, Turkish Accounting Standards/Turkish Financial Reporting standards and interpretations (“TAS/IFRS”) are applied.

Additionally, consolidated financial statements and footnotes have prepared in accordance with formats issued by CMB on 7 June 2013.

The consolidated financial statements for the financial assets and liabilities measured at fair value, except on the basis of historical cost convention and in Turkish Lira (“TL”) was prepared.

##### **Currency Used**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and the consolidated financial position of the Group is expressed in TL.

##### **Correction of financial statements of hyperinflation periods**

With the decision taken on 17 March 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with Turkish accounting standards. Accordingly, IAS 29 is not applied starting from 1 January 2005.

##### **2.2 Consolidated Financial Statements of Comparative Information and Restatement of Prior Period**

In order to allow the determination of the financial position and performance of the Group's consolidated financial statements have been prepared comparatively with the prior period. In order to comply with the presentation of the financial statements of the current period necessary, comparative figures are reclassified, and significant differences are explained. The accompanying financial statements in Note 12, Harranova Besi and meat and meat products industrial segment's prior year income and expenses which are classified as assets held for sale, are reclassified as discontinued operations profit / loss according to TFRS 5. Also, according to TFRS 5, meat and meat products segment's assets and liabilities are classified as non –current assets held for sale and related liabilities of the disposal takes place only in the current period balance sheet.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### **2.3 New and Revised Turkish Accounting Standards**

The following new and revised standards have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised standards and interpretations applied in these financial statements that have had no material impact on the financial statements are also set out below.

##### **(a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements**

None.

##### **(b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs**

Amendments to TFRS 10, 11, TAS 27	<i>Investment Entities<sup>1</sup></i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities<sup>1</sup></i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets<sup>1</sup></i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting<sup>1</sup></i>
TFRS Interpretation 21	<i>Levies<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

##### **Amendments to TFRS 10, 11, TAS 27 *Investment Entities***

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

##### **Amendments to TAS 32 *Offsetting Financial Assets and Financial Liabilities***

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

##### **Amendments to TAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***

As a consequence of TFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.3 New and Revised Turkish Accounting Standards (cont'd)**

###### **(b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs (cont'd)**

###### ***Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting***

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

###### ***TFRS Interpretation 21 Levies***

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

###### **(c) New and revised standards in issue but not yet effective**

The Group has not applied the following new and revised standards that have been issued but are not yet effective:

###### **TFRS 9 Financial Instruments**

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

###### **TFRS 9 and TFRS 7 (Amendments) Effective Date of TFRS 9 and Transition Disclosures Required**

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This amendment has not been published by POA, yet.

The Group management evaluates the effects of these standards on the Group's results and financial position.

##### **2.4 Restatement and Errors in the Accounting Policies and Estimates**

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There is no change in accounting policies of the Group in the current period.

##### **2.5 Basis of Consolidation**

The consolidated financial statements include the accounts of Tat Gıda (the parent company), the financial statements of its subsidiary and associate (together the Group). The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards.

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.5 Basis of Consolidation (cont'd)**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than majority of the voting rights of an investee, it has power over investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidation statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investment in associate is accounted for by the equity method of accounting. These are entities over which the Company generally has between 20% and 50% of voting rights, or over which the Company has significant influence, but which it does not control. Unrealised gains that result from intercompany transactions between the Company and its associate is eliminated on consolidation, whereas unrealised losses are eliminated unless they do not address any impairment.

The accounting policies of the Group financial statements of subsidiaries to bring the accounting policies are made to, if necessary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.5 Basis of Consolidation

The table below sets out shareholding structure of the subsidiary and associate at 30 June 2014:

<u>Subsidiary</u>	<u>Principal Activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held by the Group %</u>	
			<u>30 June 2014</u>	<u>31 December 2013</u>
Harranova Besi	Tomato and livestock production	Şanlıurfa	58.2%	58.2%

  

<u>Jointly controlled entity</u>	<u>Principal Activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held by the Group %</u>	
			<u>30 June 2014</u>	<u>31 December 2013</u>
Tedi İçecek Sanayi ve Ticaret A.Ş.	Export and import of juice	İstanbul	50.0%	-

##### 2.6 Summary of Significant Accounting Policies

According to CMB, the entities have option to prepare interim financial statements prepared according to IAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 30 June 2014 as condensed and accompanying financial statements are prepared in accordance with CMB Financial Reporting Standards.

Some of the disclosures and notes that are required to be included in IFRS financial statements under the CMB are summarized in accordance with IAS 34 or not included in the financial statements. The accompanying condensed financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2013. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2013 financial statements are applied in the current period.

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 3 - SEGMENTAL REPORTING**

##### **Primary Segmental Reporting Method - Industrial Segments**

The products of the Company have different risks and returns, then the below segments have been accepted by the Company. The Group have identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group.

- Tomato paste and canned foods
- Milk and dairy products
- Meat and meat products (\*)
- Pasta and mealy products

Based on decision taken on Board of Directors on 20 June 2014, the land and all of the immovables on the land consist of 4 section, parcels with the number 2025 and 2028 located in İstanbul İli, Tuzla İlçesi, Tepeören Köyü, Gölbayırı Mevkii ("Land") also, the machinery and equipments situated on the facility on the land that book value of amounting to 2.629.367,58 TL and brand named "Maret" are sold amounting to USD 75.000.000 + VAT to Namet Gıda Sanayi ve Ticaret A.Ş. With the purpose of sale of asset is recognized, asset sales agreement signed with the conditions which is Competition Board and and general board included and the sales advance amounting to 6 Million US Dollars is collected from the buyer and following to operations related to industrial segment of meat and meat products will be over. Accordingly, as it explained in Note 12, assets, liabilities and income, loss items that are related to meat and meat products have been presented separately.

The Group also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Groups concluded that there is no geographical reporting segments since the big chain groceries and Düzey Tüketim Malları Sanayi Pazarlama A.Ş. are the main customers of the Group. The Group Management evaluates financial results and performance based of TFRS financial statements. Therefore, TFRS financial statements are the basis of segmental reporting.

Domestic sales and marketing activities are operated by the Düzey, which is a member of Koç Group. Sales amount to the Düzey is 366.948.456 TL as of 30 June 2014 (30 June 2013: 330.339.247 TL).

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 3 - SEGMENTAL REPORTING (cont'd)

##### a) Segmental Analysis between 1 January 2014 – 30 June 2014

	Continuing Operations			Total	Discontinued Operations		Total
	Tomato paste and canned products	Milk and dairy products	Pasta and bakery products		Tomato paste and canned products	Meat and meat products	
Revenue	145.462.866	208.821.199	33.619.568	387.903.633	11.993.621	50.306.317	62.299.938
Cost of sales	(100.612.903)	(173.476.479)	(29.340.427)	(303.429.809)	(14.351.248)	(47.524.002)	(61.875.250)
<b>Gross Operating Profit</b>	<b>44.849.963</b>	<b>35.344.720</b>	<b>4.279.141</b>	<b>84.473.824</b>	<b>(2.357.627)</b>	<b>2.782.315</b>	<b>424.688</b>
Operating Expenses				(54.732.622)			(10.618.544)
<b>Operating Profit</b>				<b>29.741.202</b>			<b>(10.193.856)</b>

##### Segmental Analysis between 1 January 2013 – 30 June 2013

	Continuing Operations			Total	Discontinued Operations		Total
	Tomato paste and canned products	Milk and dairy products	Pasta and bakery products		Tomato paste and canned products	Meat and meat products	
Revenue	117.434.237	192.778.496	31.468.163	341.680.896	15.896.016	48.133.740	64.029.756
Cost of sales	(81.847.464)	(153.798.800)	(26.881.084)	(262.527.348)	(14.808.192)	(43.653.583)	(58.461.775)
<b>Gross Operating Profit</b>	<b>35.586.773</b>	<b>38.979.696</b>	<b>4.587.079</b>	<b>79.153.548</b>	<b>1.087.824</b>	<b>4.480.157</b>	<b>5.567.981</b>
Operating Expenses				(54.778.190)			(9.616.479)
<b>Operating Profit</b>				<b>24.375.358</b>			<b>(4.048.498)</b>



## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 3 - SEGMENTAL REPORTING (cont'd)

##### b) Segment Assets

Described as the assets of the entity (group of entities) that are directly employed in the operating activities of the segment or can be allocated to the segment on a reasonable basis.

Sales network and tangibles&intangibles in terms of the organizational structure of Tat Gıda are described as segment assets.

As of 30 June 2014 and 31 December 2013, the recorded amount of the segment assets according to industrial segments are as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
Meat and meat products <sup>(1)</sup>	9.355.066	9.976.507
Tomato paste and canned foods	49.531.717	54.031.088
Milk and dairy products	50.416.347	44.732.682
Pasta and mealy products	4.906.520	4.966.544
Assets that can not be allocated to the segments	2.588.245	5.319.656
	<b>116.797.895</b>	<b>119.026.477</b>

##### c) Segment Liabilities

Described as liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

In the general framework of the organizational structure of Tat Gıda Sanayi A.Ş. and its internal financial reporting system, trade and other payables are analysed in the basis of industrial segments. As a result, reporting of segment liabilities are not required.

##### d) Depreciation expense, amortization and investment expenditures

Operations at industrial segment of the meat and meat products will be ceased after completion of sales processes. In this framework, assets which using in production of meat and meat products and liabilities related to this assets are classified in this period as assets that held for sale and liabilities related to assets that held for sale.

Depreciation and amortization of the industrial segment assets for the periods ended 30 June 2014 and 30 June 2013 are as follows:

	<b>1 January- 30 June 2014</b>	<b>1 January- 30 June 2013</b>
Meat and meat products <sup>(1)</sup>	758.999	761.687
Tomato paste and canned foods	1.520.681	4.344.270
Milk and dairy products	2.100.924	1.746.233
Pasta and mealy products	238.216	222.293
Depreciation and amortization charges that can not be allocated to segments	148.829	145.705
	<b>4.767.649</b>	<b>7.220.188</b>

(1) Meet and meet products in industrial segment will be ceased after completion of sale processes. In this context, assets that are used in production in meet and meet products and liabilities that are related to these assets are classified as asset held for sale and liabilities are classified as liabilities held for sale in the current period (Note 12).

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 3 - SEGMENTAL REPORTING (cont'd)

##### d) Depreciation expense, amortization and investment expenditures (cont'd)

For the periods ended 30 June 2014 and 30 June 2013, investment expenditures for the industrial segment assets are as follows:

	<b>1 January- 30 June 2014</b>	<b>1 January- 30 June 2013</b>
Meat and meat products <sup>(1)</sup>	333.595	722.932
Tomato paste and canned foods	10.696.040	5.372.284
Milk and dairy products	882.045	4.088.883
Pasta and mealy products	328.612	411.223
Capital expenditures that can not be allocated to segments	28.749	144.423
	<b>12.269.041</b>	<b>10.739.745</b>

(1) Meet and meet products in industrial segment will be ceased after completion of sale processes. In this context, assets that are used in production in meet and meet products and liabilities that are related to these assets are classified as asset held for sale and liabilities are classified as liabilities held for sale in the current period (Note 12).

#### NOTE 4 – FINANCIAL ASSETS

<u>Long term financial assets</u>	%	<b>30 June 2014</b>	%	<b>31 December 2013</b>
<u>Jointly controlled entity</u>				
Tedi İçecek Sanayi ve Ticaret A.Ş. (*)	50	12.214.088	-	-
<u>Available for sale financial assets</u>				
Ram Dış Ticaret A.Ş.	7,5	4.387.500	7,5	4.012.500
Düzye Tüketim Malları Sanayi Pazarlama A.Ş.	1,1	544.641	1,1	544.641
Other		7.733		7.733
		<b>17.153.962</b>		<b>4.564.874</b>

(\*) To acquire 50.000 TL shares of Tedi İçecek Sanayi ve Ticaret A.Ş. ("Tedi A.Ş.") which has 100.000 TL paid capital and wholly owned by Poland based Maspex-Gmw SP. Z.O.O. ("Maspex"), a share purchase agreement is signed between Maspex and the Company for an amount of 50.000 TL. After the approval of Competition Board, share transfer is completed and the value is paid in cash as of 16 January 2014.

Based on the joint venture agreement between Maspex and the Company, the capital of Tedi A.Ş. is increased from 100.000 TL to 27.000.000 TL at the Tedi A.Ş. extraordinary general assembly meeting. The Company paid 50% of the shares increase amounting to 13.450.000 TL on 29 January 2014. After the payment the share of the Company at Tedi A.Ş. increased to 13.500.000 TL. The Group's share of the net assets in Jointly Controlled Entity is TL of 12.241.088 and the Group's share of loss for the current period is TL 910.912.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 5 – FINANCIAL BORROWINGS

The financial liabilities at 30 June 2014 and 31 December 2013 are as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
Short term borrowings	22.426.280	2.265.742
Short-term portion of long term borrowings	108.272.144	127.811.887
Issued bonds	51.091.493	-
<b>Total short term financial liabilities</b>	<b>181.789.917</b>	<b>130.077.629</b>
Long term borrowings	40.370.200	59.940.100
Issued bonds	-	50.000.000
<b>Total long term financial liabilities</b>	<b>40.370.200</b>	<b>109.940.100</b>
<b>control</b>	<b>222.160.117</b>	<b>240.017.729</b>

There are no pledges and mortgages given related to the Group's financial liabilities (31 December 2013: None).

The details of financial liabilities as of 30 June 2014 are as follows:

	<b>The weighted average interest rate</b>	<b>Original amount</b>	<b>30 June 2014</b>
<b>Short term financial borrowings</b>			
TL borrowings	5,00%	22.426.280	22.426.280
			<b>22.426.280</b>
<b>Short-term portion of long-term borrowings</b>			
TL borrowings and interest	10,78%	93.387.286	93.387.286
USD borrowings and interest	4,25%	7.009.917	14.884.858
Interest of bonds issued	7,31%	51.091.493	51.091.493
			<b>159.363.637</b>
<b>Long term financial borrowings</b>			
USD borrowings	4,25%	3.000.000	6.370.200
TL borrowings	11,04%	34.000.000	34.000.000
			<b>40.370.200</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 5 – FINANCIAL LIABILITIES (cont'd)

The details of financial borrowings as of 31 December 2013 are as follows:

	The weighted average interest rate	Original amount	31 December 2013
<b>Short term financial borrowings</b>			
TL borrowings	5,00%	2.265.742	2.265.742
			<b>2.265.742</b>
<b>Short-term portion of long-term borrowings</b>			
TL borrowings and interest	10,78%	120.297.390	120.297.390
USD borrowings and interest	4,25%	3.000.000	6.402.900
Interest of bonds issued			1.111.597
			<b>127.811.887</b>
<b>Long term financial borrowings</b>			
USD borrowings	4,25%	7.000.000	14.940.100
TL borrowings	11,04%	45.000.000	45.000.000
Interest of bonds issued	7,31%	50.000.000	50.000.000
			<b>109.940.100</b>

The redemption schedule of the long-term borrowings at 30 June 2014 of is as follows:

	TL Borrowing	USD TL Equivalent
2015	10,000,000	6,370,200
2016	24,000,000	-
	<b>34,000,000</b>	<b>6,370,200</b>

The redemption schedule of the long-term borrowings at 31 December 2013 of is as follows:

	TL Borrowing	USD TL Equivalent
2015	95,000,000	14,940,100
	<b>95,000,000</b>	<b>14,940,100</b>

#### NOTE 6 - TRADE RECEIVABLES AND TRADE PAYABLES

The analysis of trade receivables and trade payables at 30 June 2014 and 31 December 2013 is as follows:

	30 June 2014	31 December 2013
<b>Trade Receivables:</b>		
Trade receivables	16.253.592	14.524.765
Notes and cheques receivable	43.821.103	53.951.298
Income accruals	4.700.306	3.613.568
Provisions for doubtful receivables	( 1.880.700)	( 1.921.371)
	<b>62.894.301</b>	<b>70.168.260</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 6 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

Movement of allowance for doubtful receivables of the Group for the period ended 30 June 2014 and 30 June 2013 is as follows:

	<b>1 January - 30 June 2014</b>	<b>1 January - 30 June 2013</b>
Opening balance	( 1.921.371)	( 2.789.315)
Provisions made during period	( 140.548)	( 44.316)
Collections	181.219	327.952
	<b>( 1.880.700)</b>	<b>( 2.505.679)</b>

The explanations related to quality and level of risks at trade receivables are explained at note 13.

As of 30 June 2014 and 31 December 2013, the details of trade payables are as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Trade Payables:</b>		
Domestic suppliers	50.391.512	70.667.274
Foreign suppliers	638.048	-
	<b>51.029.560</b>	<b>70.667.274</b>

#### NOTE 7 - INVENTORIES

As of 30 June 2014 and 31 December 2013, the details of inventories are as follows (\*):

	<b>30 June 2014</b>	<b>31 December 2013</b>
Raw material	41.273.000	46.345.293
Semi finished goods	-	1.068.748
Finished goods	57.854.400	113.373.680
-Tomato paste and canned products	43.214.013	96.855.068
-Milk and dairy products	10.508.254	12.854.378
-Meat and meat products	-	1.770.957
-Pasta and bakery products	4.132.133	1.893.277
Other inventory	1.527	1.693
Provision for inventory destruction (-)	( 672.000)	( 1.493.769)
	<b>98.456.927</b>	<b>159.295.645</b>

(\*) Meet and meet products in industrial segment will be ended after completion of sale processes. In this context, assets that are used in production in meet and meet products and liabilities that are related to these assets are classified as asset held for sale and liabilities are classified as liabilities held for sale in the current period.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

For the periods ended 30 June 2014 and 30 June 2013, property, plant and equipment and accumulated depreciation movements are as follows:

	1 January 2014	Additions	Disposals	Transfers	Transfer from property, plant and equipment classified as held for sale (*)	30 June 2014
<b>Cost</b>						
Land	8.325.434	-	-	-	( 1.699.162)	6.626.272
Land improvements	1.147.415	-	-	-	( 857.235)	290.180
Buildings	74.109.709	163.037	-	-	( 41.113.155)	33.159.591
Machinery and equipment	387.341.752	626.534	-	66.697	( 50.538.633)	337.496.350
Vehicles	1.078.573	75.288	( 119.362)	-	( 152.485)	882.014
Furniture and fixtures	37.080.533	524.408	( 1.367.476)	55.640	( 7.133.096)	29.160.009
Leasehold improvements	8.162.878	-	-	-	-	8.162.878
Construction in progress	1.206.444	10.395.010	-	( 122.337)	-	11.479.117
	<b>518.452.738</b>	<b>11.784.277</b>	<b>( 1.486.838)</b>	<b>-</b>	<b>( 101.493.766)</b>	<b>427.256.411</b>
<b>Accumulated Depreciation</b>						
Land improvements	( 2.434.738)	( 76.461)	-	-	524.120	( 1.987.079)
Buildings	( 49.149.320)	( 910.741)	-	-	24.685.676	( 25.374.385)
Machinery and equipment	( 317.891.606)	( 3.169.779)	-	-	51.586.128	( 269.475.257)
Vehicles	( 642.142)	( 3.794)	119.362	-	286.397	( 240.177)
Furniture and fixtures	( 31.265.104)	( 441.763)	1.360.806	-	10.625.796	( 19.720.265)
Leasehold improvements	( 8.296.444)	( 14.874)	-	-	-	( 8.311.318)
Satış amaçlı sınıflandırılan maddi duran varlıklar	-	-	-	-	-	-
	<b>( 409.679.354)</b>	<b>( 4.617.412)</b>	<b>1.480.168</b>	<b>-</b>	<b>87.708.117</b>	<b>( 325.108.481)</b>
<b>Net Book Value</b>	<b>108.773.384</b>					<b>102.147.930</b>

(\*) Meet and meet products in industrial segment will be ended after completion of sale processes. In this context, assets that are used in production in meet and meet products and liabilities that are related to these assets are classified as asset held for sale and liabilities are classified as liabilities held for sale in the current period.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2013	Additions	Disposals	Transfers	30 June 2013
<b>Cost</b>					
Land	8.325.434	-	-	-	8.325.434
Land improvements	15.175.536	1.141.073	( 22.223)	-	16.294.386
Buildings	78.127.115	282.224	-	-	78.409.339
Machinery and equipment	399.067.735	3.754.669	( 13.405.661)	231.152	389.647.895
Vehicles	6.597.180	-	( 26.444)	-	6.570.736
Furniture and fixtures	48.665.732	345.125	( 100.013)	22.726	48.933.570
Leasehold improvements	8.162.878	-	-	-	8.162.878
Construction in progress	1.204.196	5.110.240	( 1.289.247)	( 253.878)	4.771.311
Satış amaçlı sınıflandırılan maddi duran varlıklar	-	-	-	-	-
	<b>565.325.806</b>	<b>10.633.331</b>	<b>( 14.843.588)</b>	<b>-</b>	<b>561.115.549</b>
<b>Accumulated Depreciation</b>					
Land improvements	( 11.260.991)	( 1.205.971)	22.126	-	( 12.444.836)
Buildings	( 47.885.054)	( 965.605)	-	-	( 48.850.659)
Machinery and equipment	( 332.962.487)	( 3.694.565)	13.048.299	-	( 323.608.753)
Vehicles	( 2.308.838)	( 199.835)	12.232	-	( 2.496.441)
Furniture and fixtures	( 36.028.030)	( 972.971)	86.391	-	( 36.914.610)
Leasehold improvements	( 8.296.444)	( 12.830)	-	-	( 8.309.274)
Satış amaçlı sınıflandırılan maddi duran varlıklar	-	-	-	-	-
	<b>( 438.741.844)</b>	<b>( 7.051.777)</b>	<b>13.169.048</b>	<b>-</b>	<b>( 432.624.573)</b>
<b>Net Book Value</b>	<b>126.583.962</b>				<b>128.490.976</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

The expected useful life of property, plant and equipment is as follows:

Land improvements	30 years
Buildings	30 years
Machinery and equipments	15-30 years
Furniture and fixtures	10-12 years
Vehicles	9 years
Leasehold improvements	5-8 years

#### NOTE 9 – COMMITMENTS AND CONTINGENCIES

Group has miscellaneous guarantee letters given to tax office (for VAT receivable), agricultural corporations and customs amounting to 41.929.824 TL (31 December 2013: 58.657.393 TL).

The detail of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
A. On the behalf of legal entity	41.929.824	58.657.393
B. On the behalf of associations that included in full consolidation	-	-
C. On the behalf of third parties' liabilities within the context of business operations		
-Given on the behalf of parent company	-	-
-Given on the behalf of other group companies which are not included in B and C clauses	-	-
-Given on the behalf of third parties which are not included in C clause	-	-
D. Other	-	-
	<b>41.929.824</b>	<b>58.657.393</b>

Total guarantees given by the Group are in TL currency and neither any pledges nor encumbrances are given by the Group. Ratio of commitments and contingencies given by the Group to the Shareholders Equity on 30 June 2014 is 0% (31 December 2013: 0%).



## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 10 – OTHER ASSETS

	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Other current assets:</b>		
Deductible value added tax	15.000.000	30.975.361
Prepaid expenses	7.730.105	-
Other value-added tax	220.015	458.866
Other	257.132	330.890
	<b>23.207.251</b>	<b>31.765.117</b>
	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Other non-current assets:</b>		
Deductible value added tax	21.486.032	-
	<b>21.486.032</b>	<b>-</b>

#### NOTE 11 – SALES AND COST OF SALES

For the periods ended between 30 June 2014 and 30 June 2013, the details of operating income and cost of goods sold are as follows:

	<b>1 January- 30 June 2014</b>	<b>1 April- 30 June 2014</b>	<b>1 January- 30 June 2013</b>	<b>1 April- 30 June 2013</b>
Domestic sales	(403.707.714)	(209.045.144)	(359.577.886)	(182.510.919)
Foreign sales	(31.028.263)	(12.589.184)	(20.996.361)	(8.819.688)
Rebates and sales discounts	46.832.344	19.583.590	38.893.351	16.529.342
<b>Total operating revenue</b>	<b>387.903.633</b>	<b>202.050.738</b>	<b>341.680.896</b>	<b>174.801.265</b>
Raw material costs	218.870.905	103.176.258	182.766.354	95.287.814
Labor costs	8.110.247	4.391.325	7.153.776	3.897.275
General production overheads	22.806.408	11.604.595	24.503.036	13.691.767
Depreciation cost	3.410.802	949.048	2.775.160	2.561.384
Change in inventory	50.231.447	38.802.525	45.329.022	21.687.098
<b>Cost of sales</b>	<b>(303.429.809)</b>	<b>(158.923.751)</b>	<b>(262.527.348)</b>	<b>(137.125.338)</b>
<b>Gross profit</b>	<b>84.473.824</b>	<b>43.126.987</b>	<b>79.153.548</b>	<b>37.675.927</b>

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 12 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

##### **i) Harranova Besi**

According to the decision taken by the Board of Directors on 29 June 2012, the Company decided to stop purchases of living assets, and then decided to stop breeding activities of Harranova Besi ve Tarım Ürünleri A.Ş. On 7 December 2012 the Company made an agreement with an independent and CMB licensed expertise firm to revalue Harranova Besi's property, plant and equipment related to breeding activities. Since the Company management made a sole plan, they are available for immediate sale and the sale of the assets are highly probable. The Company reclassified these items to non-current assets held for sale and discontinued operations. In addition, General Assembly and Competition Board approved the sale of these property, plant and equipments on 21 February 2013.

On 14 October 2014, the decision to cease the operations of Harranova Besi was taken and the power to sell the properties of Harranova Besi was given to Board of Directors on 26 December 2013. On 13 December 2013, the Company made an agreement with an independent and CMB licensed expertise firm to revalue Harranova Besi's property, plant and equipment. The Company reclassified these items to non-current assets held for sale except the transfers to the Company.

Based on the decision taken at the meeting of Board of Directors on 23 June 2014, Company has signed share transfer agreement to sell the all shares of Harranova Besi, already owned 10% shares in the Harranova Besi's capital, with The Morning Star Company ("Morningstar") which is stated in the State of California, United States of America. The transfer of shares acquisition will take place only after the approval of the Competition Board and following that decrease in the capital of Harranova Besi. Base price of total 90% of shares is 6.280.000 TL including other Koç Group companies shares, base price will be subjected to adjustments with considering calculation of cash and cash equivalents and receivables from public minimum 3 days before closure. Sale price recalculated over adjusted price and will be collected in cash at the closure. Board of Directors of Harranova Besi made meeting on 11 July 2014 to discuss change in articles of association that related to decreasing capital of Company by 92.000.000 TL from 115.000.000 TL to 23.000.000 TL. Change in articles of association that is related decrease in capital have been approved by Board of Directors.

##### **i) Industrial segment of meat and meat products ("Maret")**

With the decision taken on Board of Directors on 20 June 2014, the land and all of the immovables on the land consist of 4 section, parcels with the number 2025 and 2028 located in İstanbul İli, Tuzla İlçesi, Tepeören Köyü, Gölbaşı Mevkii ("Land") also, the machinery and equipments that are situated on the facility on the land and brand named "Maret" are sold amounting to USD 75.000.000 + VAT. With the purpose of recognition of sale, "Asset Sales Agreement" has been signed with the conditions which include approval of Competition Board and General Board and the sales advance amounting to 6 Million US Dollars has been collected from the buyer. In this framework, operations related to industrial segment of meat and meat products will be ceased following to completion of sales process. Sales process has been completed and the sales price is collected at the date of 4 August 2014. In this context, assets which have been used in production of meat and meat products and liabilities related to this assets are classified in this period as assets that held for sale and liabilities related to assets that held for sale; loss for the current period and previous period are classified as loss from discontinued operations.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 12 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

i) **Non-current assets held for sale and liabilities directly associated with these assets**

	<b>30 June 2014</b>		
	<b>Harranova Besi</b>	<b>Maret</b>	<b>Total</b>
Livestock activities (Property, plant and equipment)	22.541.519	8.226.161	30.767.680
Provision for impairment of property, plant and equipment	(16.982.031)	-	(16.982.031)
Trade and other receivables classified as held for sale	25.610.344	15.596.249	41.206.593
Trade and other payables classified as held for sale	(1.772.085)	(3.386.360)	(5.158.445)
	<b>29.397.747</b>	<b>20.436.050</b>	<b>49.833.797</b>

	<b>31 December 2013</b>		
	<b>Harranova Besi</b>	<b>Maret</b>	<b>Total</b>
Livestock activities (Property, plant and equipment)	26.632.037	-	26.632.037
Provision for impairment of property, plant and equipment	(16.982.031)	-	(16.982.031)
Trade and other receivables classified as held for sale	32.113.315	-	32.113.315
Impairment of inventories	(1.781.799)	-	(1.781.799)
Trade and other payables classified as held for sale	(3.766.250)	-	(3.766.250)
	<b>36.215.272</b>	<b>-</b>	<b>36.215.272</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 12 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

##### ii) Profit or loss from discontinued operations

	1 January - 30 June 2014		
	Harranova Besi	Maret	Toplam
Revenue	11.993.621	50.306.317	62.299.938
Cost of sales	(14.351.248)	(47.524.002)	(61.875.250)
<b>Gross profit</b>	<b>(2.357.627)</b>	<b>2.782.315</b>	<b>424.688</b>
Operating expenses	(2.333.652)	(8.284.892)	(10.618.544)
<b>Profit before tax from discontinued operations</b>	<b>(4.691.279)</b>	<b>(5.502.577)</b>	<b>(10.193.856)</b>
Deferred tax effects	-	838.268	838.268
<b>Profit from discontinued operations</b>	<b>(4.691.279)</b>	<b>(4.664.309)</b>	<b>(9.355.588)</b>

	1 January- 30 June 2013		
	Harranova Besi	Maret	Toplam
Revenue	16.074.643	47.955.113	64.029.756
Cost of sales	(15.235.479)	(43.226.296)	(58.461.775)
<b>Gross profit</b>	<b>839.164</b>	<b>4.728.817</b>	<b>5.567.981</b>
Operating expenses	(3.302.241)	(6.314.238)	(9.616.479)
<b>Profit before tax from discontinued operations</b>	<b>(2.463.077)</b>	<b>(1.585.421)</b>	<b>(4.048.498)</b>
Deferred tax effects	2.198.837	262.247	2.461.084
<b>Profit from discontinued operations</b>	<b>(264.240)</b>	<b>(1.323.174)</b>	<b>(1.587.414)</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 13 – RELATED PARTY TRANSACTIONS

i) For the periods ended 30 June 2014 and 31 December 2013, the details of related party balances are as follows:

a) Deposits at banks:

	30 June 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş.	1.927.622	1.491.387
	<b>1.927.622</b>	<b>1.491.387</b>

b) Financial liabilities:

	30 June 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş.	3.922.163	15.092.686
	<b>3.922.163</b>	<b>15.092.686</b>

c) Due from related parties:

	30 June 2014	31 December 2013
Düzye Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	172.619.873	134.677.185
Sumitomo Corporation	-	2.985.115
Türkiye Petrol Rafineleri A.Ş.	189.913	184.980
Other	411.253	250.451
	<b>173.221.039</b>	<b>138.097.731</b>

d) Due to related parties

	30 June 2014	31 December 2013
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.681.802	5.544.915
Sumitomo Corporation	84.046	1.935.002
Koç Holding A.Ş.	327.201	394.980
Otokoç Otomotiv Tic.ve San.A.Ş.	389.822	258.953
Temel Ticaret ve Yatırım A.Ş.	386.257	197.402
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	226	1.536
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	205.572	23.319
Koç Sistem A.Ş.	3.966	239.405
Setur Servis Turistik A.Ş.	52.045	21.437
Other	53.409	166.214
	<b>6.184.346</b>	<b>8.783.163</b>

(\*)Zer Merkezi Hizmetler ve Tic. A.Ş. is interposing for Company's media and logistic services also procurement of indirect materials issues .

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 13 – RELATED PARTY TRANSACTIONS (cont'd)

ii) For the periods ended 30 June 2014 and 2013, the details of significant sales to related parties and purchases from related parties are as follows:

a) Sales to related parties:

	<b>1 January- 30 June 2014</b>	<b>1 January- 30 June 2013</b>
Düzye Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. (*)	366.948.456	330.339.247
Sumitomo Corporation	13.508.952	9.334.927
Türkiye Petrol Rafineleri A.Ş.	1.080.600	963.587
Divan Turizm İşletmeleri A.Ş.	196.621	216.699
Other	-	4.228
	<b>381.734.629</b>	<b>340.858.688</b>

(\*)Domestic marketing and sales activities of the Company are operated by Koç Group company, Düzye Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.

b) Purchase from related parties:

	<b>1 January- 30 June 2014</b>	<b>1 January- 30 June 2013</b>
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.924.337	3.704.842
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	-	711.917
Tat Tohumculuk A.Ş.	-	2.576.821
Opet Petrolcülük A.Ş.	7.572	141.883
Otokoç Otomotiv Tic. Ve San. A.Ş.	-	45.347
Aygaz A.Ş.	-	39.270
Türk Traktör ve Ziraat Makinaları A.Ş.	-	4.500
Koçtaş Yapı Marketleri Ticaret A.Ş.	12.817	10.107
	<b>4.944.726</b>	<b>7.234.687</b>

(\*)Zer Merkezi Hizmetler ve Tic. A.Ş. is interposing for Company's media and logistic services also procurement of indirect materials issues.

c) Services obtained from related parties:

	<b>1 January- 30 June 2014</b>	<b>1 January- 30 June 2013</b>
Zer Merkezi Hizmetler ve Ticaret A.Ş.	8.843.570	9.280.512
Koç Holding A.Ş.	707.511	674.193
Temel Ticaret ve Yatırım A.Ş.	657.505	-
Opet Petrolcülük A.Ş.	396.598	340.807
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	873.448	527.136
Setur Servis Turistik A.Ş.	268.992	205.747
Koç Sistem A.Ş.	682.213	528.734
Otokoç Otomotiv Tic. ve San. A.Ş.	440.221	483.474
Aygaz A.Ş.	2.128.921	27.407
Other	258.488	257.064
	<b>15.257.467</b>	<b>12.325.074</b>

(\*)Zer Merkezi Hizmetler ve Tic. A.Ş. is interposing for Company's media and logistic services also procurement of indirect materials issues.

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 13 – RELATED PARTY TRANSACTIONS (cont'd)

iii) For the periods ended 30 June 2014 and 30 December 2013, the details of financial expenses to related parties are as follows:

a) Interest Expenses:

	1 January- 30 June 2014	1 January- 30 June 2013
Yapı ve Kredi Bankası A.Ş.	747.459	2.541.167
	<b>747.459</b>	<b>2.541.167</b>

iv) For the periods ended 30 June 2014 and 2013, the details of other income and expenses from/ to related parties are as follows:

a) Rent Expenses:

	1 January- 30 June 2014	1 January- 30 June 2013
Temel Ticaret ve Yatırım A.Ş.	657.505	220.049
	<b>657.505</b>	<b>220.049</b>

b) Payments to key management:

	1 January- 30 June 2014	1 January- 30 June 2013
Wages and other short term benefits	2.280.266	1.477.744
	<b>2.280.266</b>	<b>1.477.744</b>

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

##### a) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's financial risk policies and credit risk management practices has not been a significant change compared to previous periods.

##### a.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.



## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

##### a) Financial Risk Factors (cont'd)

##### a.1) Credit Risk Management (cont'd)

<u>30 June 2014</u>	<u>Receivables</u>				<u>Deposits in Banks</u>	<u>Derivative Instruments</u>	<u>Other</u>
	<u>Trade Receivables</u>		<u>Other Receivables</u>				
	<u>Related Party</u>	<u>Third Party</u>	<u>Related Party</u>	<u>Third Party</u>			
Maximum net credit risk as of balance sheet date	173.221.039	62.894.301	-	-	2.030.523	-	-
-The part of maximum risk under guarantee with collateral etc.	-	7.989.429	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	98.573.795	56.598.102	-	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	74.573.795	6.296.199	-	-	-	-	-
C. Net book value of impaired assets							
-Past due (gross carrying amount)	-	1.880.700	-	-	-	-	-
- Impairment (-)	-	( 1.880.700)	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
D. Off-balances sheet items with credit risk	-	-	-	-	-	-	-

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

##### a) Financial Risk Factors (cont'd)

##### a.1) Credit Risk Management (cont'd)

<u>31 December 2013</u>	<u>Receivables</u>				<u>Deposits in Banks</u>	<u>Derivative Instruments</u>	<u>Other</u>
	<u>Trade Receivables</u>		<u>Other Receivables</u>				
	<u>Related Party</u>	<u>Third Party</u>	<u>Related Party</u>	<u>Third Party</u>			
Maximum net credit risk as of balance sheet date	138.097.731	70.168.260	-	10.614	10.328.419	-	-
-The part of maximum risk under guarantee with collateral etc.	-	12.421.401	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	138.097.731	67.913.114	-	10.614	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	2.255.146	-	-	-	-	-
C. Net book value of impaired assets							
-Past due (gross carrying amount)	-	1.921.371	-	-	-	-	-
- Impairment (-)	-	( 1.921.371)	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
D. Off-balances sheet items with credit risk	-	-	-	-	-	-	-

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

##### a) Financial Risk Factors (cont'd)

##### a.2) Foreign Currency Management

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

30 June 2014

	TL Equivalent (Functional Currency)	USD	Euro	Other
1. Trade Receivables	3.949.203	1.399.798	337.796	-
2.a Monetary financial assets	1.741.605	819.469	479	44
2.b Non-monetary financial assets	-	-	-	-
3. Other	612.645	288.521	-	-
4. CURRENT ASSETS	6.303.453	2.507.788	338.275	44
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	6.303.453	2.507.788	338.275	44
10. Trade Payables	( 190.176)	( 85.505)	( 2.979)	-
11. Financial Liabilities	( 14.884.858)	( 7.009.917)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	( 15.075.034)	( 7.095.422)	( 2.979)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	( 6.370.200)	( 3.000.000)	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	( 6.370.200)	( 3.000.000)	-	-
18. TOTAL LIABILITIES	( 21.445.234)	( 10.095.422)	( 2.979)	-
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	( 15.141.781)	( 7.587.634)	335.296	44
21. Net foreign currency asset/ liability position of non monetary items (1+2a+6a-10-11-12a-14-15-16a)	( 15.754.426)	( 7.876.155)	335.296	44
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

##### a) Financial Risk Factors (cont'd)

##### *a.2) Foreign Currency Management*

31 December 2013

	TL Equivalent (Functional Currency)	USD	Euro	Other
1. Trade Receivables	7.433.038	3.286.582	142.512	-
2.a Monetary financial assets	5.440.986	2.520.923	20.630	-
2.b Non-monetary financial assets	-	-	-	-
3. Other	1.027.443	481.396	-	-
4. CURRENT ASSETS	13.901.467	6.288.901	163.142	-
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	13.901.467	6.288.901	163.142	-
10. Trade Payables	( 157.094)	( 69.726)	( 2.819)	-
11. Financial Liabilities	( 6.402.900)	( 3.000.000)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	( 6.559.994)	( 3.069.726)	( 2.819)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	( 14.940.100)	( 7.000.000)	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	( 14.940.100)	( 7.000.000)	-	-
18. TOTAL LIABILITIES	( 21.500.094)	( 10.069.726)	( 2.819)	-
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	( 7.598.627)	( 3.780.825)	160.323	-
21. Net foreign currency asset/ liability position of non monetary (1+2a+6a-10-11-12a-14-15-16a)	( 8.626.070)	( 4.262.221)	160.323	-
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-

## TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### NOTE 14 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

##### a) Financial Risk Factors (cont'd)

##### Foreign currency sensitivity

The Group is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

##### Foreign Currency Sensitivity

	<b>30 June 2014</b>	
	Profit/ Loss	
	Appreciation of Foreign currency	Devaluation of foreign currency
In the case of appreciation of US Dollar at 10 % ratio compared to TL		
1 - US Dollar net asset/liability	(1,611,143)	1,611,143
2- Part of hedged from US Dollar risk (-)	-	-
<b>3- US Dollar net effect</b>	<b>(1,611,143)</b>	<b>1,611,143</b>
In the case of appreciation of EURO Dollar at 10 % ratio compared to TL		
4 - Euro net asset/liability	96,965	(96,965)
5 - Part of hedged from EURO risk (-)	-	-
<b>6- Euro net effect</b>	<b>96,965</b>	<b>(96,965)</b>
<b>TOTAL</b>	<b>(1,514,178)</b>	<b>1,514,178</b>
	<b>31 December 2013</b>	
	Profit/ Loss	
	Appreciation of Foreign currency	Devaluation of foreign currency
In the case of appreciation of US Dollar at 10 % ratio compared to TL		
1 - US Dollar net asset/liability	(806,941)	806,941
2- Part of hedged from US Dollar risk (-)	-	-
<b>3- US Dollar net effect</b>	<b>(806,941)</b>	<b>806,941</b>
In the case of appreciation of EURO Dollar at 10 % ratio compared to TL		
4 - Euro net asset/liability	47,078	(47,078)
5 - Part of hedged from EURO risk (-)	-	-
<b>6- Euro net effect</b>	<b>47,078</b>	<b>(47,078)</b>
<b>TOTAL</b>	<b>(759,863)</b>	<b>759,863</b>

## **TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

#### **NOTE 14 - SUBSEQUENT EVENTS**

Based on the decision taken at the meeting of Board of Directors on 1 July 2014, Company has signed share purchase and sale agreement to acquire the shares of Moova Gıda Sanayi ve Ticaret A.Ş.'nin ("Moova") that representing 100% of the capital and all new shares to be issued until the date of share transfer ("Closure") from Söktaş Tekstil Sanayi ve Ticaret A.Ş, Muharrem Hilmi Kayhan, Eyüp Hilmi Kayhan, Nihat Fadıl Erten ve Mehmet Yılmaz ("Sellers") with amount of TL 32.271.190 ("Closing Payment") that subjected to price adoption.

The transfer of shares acquisition will take place only after the approval of the Competition Board and pay of all debts to the banks and other financial institutions, to suppliers of goods and services by sellers for increasing capital of Moova and release all given letters of liens for debts with other prerequisites stipulated in the share purchase and sale agreement at the closure.