TAT GIDA SANAYİ A.Ş.
(FORMERLY TAT
KONSERVE SANAYİİ A.Ş)
AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2013

(translated into English from
the original Turkish copy)

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated statement of financial position (balance sheet) of Tat Gıda Sanayi A.Ş. ("the Company") and its subsidiary (together will be referred as "the Group")] as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tat Gıda Sanayi A.Ş. and its subsidiary as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

5. In accordance with Article 402 of Turkish Commercial Code No. 6102 (“TCC”), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group’s set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company’s articles of association in relation to financial reporting.

6. In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor’s report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 25 July 2012, and the committee is comprised of 2 members. In 2013, the committee has held 6 meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

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

Yaman Polat, SMMM
Partner

İstanbul,
14 February 2014

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TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2013

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

ASSETS		31 December 2013	31 December 2012
CURRENT ASSETS		**450.083.597**	**446.116.469**
Cash and cash equivalents	5	10.330.825	1.028.110
Trade receivables		208.265.991	223.381.609
-Due from related parties	29	138.097.731	127.754.288
-Trade receivables from third parties	8	70.168.260	95.627.321
Other receivables	9	10.614	16.409
Inventories	10	159.295.645	168.044.940
Prepaid expenses	12	433.883	3.409.172
Other current assets	20	31.765.117	35.246.027
		410.102.075	431.126.267
Assets held for sale	27	39.981.522	14.990.202
NON CURRENT ASSETS		**116.834.466**	**150.870.556**
Other receivables	9	74.970	75.120
Financial investments	6	4.564.874	4.939.874
Investments accounted by the equity method	13	-	6.496.487
Property, plant and equipment	14	108.773.384	126.583.962
Intangible assets	15	603.087	764.804
Prepaid expenses	12	90.977	299.124
Deferred tax assets	28	2.727.174	11.711.185
TOTAL ASSETS		**566.918.063**	**596.987.025**

TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2013

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

LIABILITIES	**Notes**	**31 December 2013**	**31 December 2012**
CURRENT LIABILITIES		**224.613.441**	**269.121.531**
Short term borrowings	7	2.265.742	59.969.452
Short-term portion of long-term borrowings	7	127.811.887	130.988.888
Trade payables		79.450.437	67.024.506
-Trade payables to related parties	29	9.521.692	9.588.585
-Other payables to third parties	8	69.928.745	57.435.921
Deferred income	12	573.656	934.348
Current tax liabilities	28	1.317.107	2.090.738
Employee benefit payables	19	1.601.326	1.696.627
Other current liabilities	20	4.935.806	3.775.314
Short term provisions		2.891.230	2.641.658
-Other short term provisions	17	55.000	172.100
-Short-term provisions for employment benefits	19	2.836.230	2.469.558
		220.847.191	269.121.531
Liabilities related to asset groups held for sale	27	3.766.250	-
NON CURRENT LIABILITIES		**120.490.832**	**95.916.648**
Long term borrowings	7	109.940.100	85.333.334
Long term provisions for employement benefits	19	10.550.732	10.583.314
EQUITY		**221.813.790**	**231.948.846**
Equity attributable to equity holders of the parent company		**201.722.586**	**199.069.582**
Share capital	21	136.000.000	136.000.000
Inflation adjustment to share capital	21	21.601.088	21.601.088
Share premiums		10.107.809	10.107.809
Items that may be reclassified subsequently to profit or loss		2.981.591	3.356.591
-Gain/loss on revaluation		2.981.591	3.356.591
Items that will not be reclassified subsequently to profit or loss		533.935	-
-Actuarial losses in defined benefit plan		533.935	-
Restricted reserves		60.404	60.404
Prior years' profit		27.943.690	25.247.727
Net profit for the period		2.494.069	2.695.963
Non-controlling interests	21	**20.091.204**	**32.879.264**
TOTAL LIABILITIES		**566.918.063**	**596.987.025**

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

TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Notes	1 January 31 December 2013	1 January 31 December 2012
Continuing Operations			
Revenue	22	793.174.592	747.187.894
Cost of sales (-)	22	(627.308.135)	(586.055.029)
GROSS PROFIT		**165.866.457**	**161.132.865**
Marketing expenses (-)	23	(103.026.981)	(100.093.722)
General administrative expenses (-)	23	(29.560.357)	(26.468.605)
Research and development expenses		(22.852)	(22.636)
Other income from operating activities	24	13.156.290	14.687.875
Other expenses from operating activities	24	(6.427.934)	(4.759.429)
Operating Profit		**39.984.623**	**44.476.348**
Income from ınvesting activities	25	9.886.001	482.123
Expense from investing activities (-)	25	(468.759)	(109.422)
Share of profit of investments accounted by the equity method	13	473.547	464.892
OPERATING PROFIT BEFORE FINANCE EXPENSE		**49.875.412**	**45.313.941**
Finance expense (-)	26	(22.906.029)	(25.186.286)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**26.969.383**	**20.127.655**
Tax expense from continuing operations			
Current tax expense	28	(4.176.285)	(677.416)
Deferred tax expense/income	28	(390.050)	(3.630.437)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**22.403.048**	**15.819.802**
DISCONTINUED OPERATIONS			
Loss after tax from discontinued operation	27	(32.697.039)	(22.568.940)
PERIOD PROFIT / (LOSS)		**(10.293.991)**	**(6.749.138)**
Allocation of (loss) / profit for the period			
Attributable to non-controlling interests		(12.788.060)	(9.445.101)
Attributable to equity holders of the parent company		2.494.069	2.695.963
		(10.293.991)	**(6.749.138)**
(Loss) / earnings per share (TL)		(0,08)	(0,05)
Earnings / (loss) per share from continuing operations		0,16	0,12
Earnings / (loss) per share from discontinued operations		(0,24)	(0,17)
Other Comprehensive Income / (Expense)			
Actuarial gain/loss		(375.000)	2.864.320
Actuarial gain/loss in defined benefit plan		533.935	-
TOTAL COMPREHENSIVE INCOME/ (LOSS)		**(10.135.056)**	**(3.884.818)**
Allocation of total comprehensive income/loss			
Non-controlling interests		(12.788.060)	(9.445.101)
Attributable to equity holders of the parent company		2.653.004	5.560.283
		(10.135.056)	**(3.884.818)**

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

TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Note references	Share capital	Inflation adjustment to share capital	Share premium	Revaluation gain/loss	Actuarial gain/losses in defined benefit plan	Restricted reserves	Net profit/Loss for the period	Prior years' profit	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Balances at 1 January 2012		**136.000.000**	**21.601.088**	**10.107.809**	**492.271**	**-**	**60.404**	**8.989.169**	**16.258.558**	**193.509.299**	**42.324.365**	**235.833.664**
Transfers		-	-	-	-	-	-	(8.989.169)	8.989.169	-	-	-
Total compherensive income		-	-	-	2.864.320	-	-	2.695.963	-	5.560.283	(9.445.101)	(3.884.818)
Balance at 31 December 2012	21	**136.000.000**	**21.601.088**	**10.107.809**	**3.356.591**	**-**	**60.404**	**2.695.963**	**25.247.727**	**199.069.582**	**32.879.264**	**231.948.846**
Balance at 1 January 2013		**136.000.000**	**21.601.088**	**10.107.809**	**3.356.591**	**-**	**60.404**	**2.695.963**	**25.247.727**	**199.069.582**	**32.879.264**	**231.948.846**
Transfers		-	-	-	-	-	-	(2.695.963)	2.695.963	-	-	-
Total compherensive income		-	-	-	(375.000)	533.935	-	2.494.069	-	2.653.004	(12.788.060)	(10.135.056)
Balance at 31 December 2013	21	**136.000.000**	**21.601.088**	**10.107.809**	**2.981.591**	**533.935**	**60.404**	**2.494.069**	**27.943.690**	**201.722.586**	**20.091.204**	**221.813.790**

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

TAT GIDA SANAYİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2013

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

	Note references	1 January 31 December 2013	1 January 31 December 2012
Profit before tax from continuing operations		26.969.383	20.127.655
Profir before tax before discontinued operations (Note : 27)		(23.969.594)	(26.070.093)
Adjustments to reconcile profit/loss for the period			
Adjustments in inventory changes		1.297.664	196.105
Adjustment regarding depreciation and amortization	14,15	13.697.584	16.814.673
Provision for impairment of assets held for sale	27	18.763.830	15.187.237
Adjustments related to employement benefit	19	3.521.971	5.127.997
Provision for doubtful receivables	8	316.211	490.436
Impairment of property, plant and equipment	14	339.557	-
Provision of lawsuits	17	(117.100)	(161.900)
Adjustment regarding unused vacation provision	19	217.971	231.416
Share of profit of investments accounted by the equity method	13	(473.547)	(464.892)
Adjustments related to dividend income	24	(2.297.396)	(362.248)
Adjustments related to accrued income		(3.613.568)	(7.050.627)
Biological assets related to losses on valuation adjustments	11	-	2.203.336
Gain on sales of property, plant and equipment	25	(1.856.035)	(482.123)
Loss on sale of property, plant and equipment properties	25	129.202	109.422
Gain on sale of associate shares	32	(8.029.966)	-
Unrealized foreign currency differences from financial liabilities		(466.000)	(3.189.000)
Interest income		(271.013)	(1.041.222)
Interest expense	26	22.906.029	25.186.286
Changes in working capital		**47.065.183**	**46.852.458**
Changes in trade receivables		14.487.906	(20.834.566)
Changes in related party receivables		(10.343.443)	(28.303.866)
Changes in inventories		(15.773.604)	(15.359.076)
Changes in prepaid expenses		3.021.346	(258.123)
Changes in living assets		-	29.150.844
Change in current assets held for sale.		(14.334.614)	103.761
Changes in other current assets/current assets		(4.730.662)	(506.561)
Changes in other non-current assets		-	(869.669)
Changes in trade payables		15.322.045	360.577
Changes in payables to related parties		(66.893)	(2.892.727)
Changes in deferred revenue		(360.661)	267.091
Changes in payables to employment benefits		192.195	(2.183.416)
Changes in other short term current liabilities		1.641.380	4.018.359
Changes in provisions for employee benefits		500.553	1.660.501
The cash flows from operating activities		**36.620.731**	**11.205.587**
Employement benefits paid	19	(2.508.511)	(4.693.939)
Tax rebates/payments		(6.267.023)	1.128.217
Net cash flows from operating activities		**27.845.197**	**7.639.865**
Investing Activities			
Purchases of property, plant and equipment and intangible assets	14,15	(23.135.465)	(17.838.630)
Proceeds from sales of property, plant and equipment, intangible assets		17.155.617	576.666
Cash proceeds from disposal of associate	32	15.000.000	752.248
Cash inflows from short-term financial investments		-	23.336.577
Dividends from investments		2.297.396	-
Interest received		271.013	1.041.222
Net cash flows from investing activities		**11.588.561**	**7.868.083**
Financial Activities			
Changes from borrowing.		(159.271.782)	(106.096.960)
Changes from bonds issued		50.000.000	-
Cash inflows from borrowings		102.602.353	103.930.100
Paid interests		(23.461.614)	(25.161.195)
Net cash flows used in financing activities		**(30.131.043)**	**(27.328.055)**
Net change in cash and cash equivalents		**9.302.715**	**(11.820.107)**
Cash and cash equivalents at beginning of period	5	**1.028.110**	**12.848.217**
Cash and cash equivalents at end of period	5	**10.330.825**	**1.028.110**

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 1.044 employees at 31 December 2013 (31 December 2012: 1.127).

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 subsidary of the Company has operations in tomato and livestock production. On 14 October 2013, the decision to cease the operations of Harranova Besi was taken and the power to sell the properties of Harran Besi was given to Board of Directors on 26 December 2013.

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 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 14 February 2014; on behalf of the Board of Directors Arzu Aslan Kesimer, Board Member, and Tamer Soyupak, Chief Financial Officer signed the consolidated financial statements. The General Assembly has authority to amend these consolidated financial statements.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis for Presentation

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 official Gazette numbered 28676. In accordance with article 5th of communique, Turkish Accounting Standards/Turkish Financial Reporting standards and interpretations ("TAS/TFRS") are applied.

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

2.1 The Basis for Presentation (cont'd)

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.

Reporting and Functional Currency

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 December 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, TMS 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 Group has also made some reclassifications in prior years consolidated financial statements in order to comply with the recently issued policy of The Capital Markets Board of Turkey ("CMB") on 7 June 2013. Qualifications, reasons and quantitities of reclassification have been explained below. Reclassifications have been made on consolidated financial statements of Group as of 31 December 2012 are as follows:

- TL 3.409.172 of short-term prepaid expenses, which had been included in other current assets has been separately presented in balance sheet.

- TL 7.050.627 of income accruals, which had been included in other current assets has been reclassified into trade receivables from third parties.

- TL 299.124 of advances given for property, plant and equipment, which had been included in other non-current assets has been separately presented in balance sheet as long-term prepaid expenses.

- TL 934.348 of income for future periods, which had been included in other liabilities has been into deferred income.

- TL 196.105 of inventory provision, which had been included in other liabilities has been reclassified into inventory.

- TL 964.838 of personel wages, which had been included in provisions for short-term benefits provided to employees, has been reclassified into employee benefit payables.

- TL 731.789 of social security premiums, which had been included in other short-term liabilities, has been reclassified into employee benefit payables.

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

2.2 Consolidated Financial Statements of Comparative Information and Restatement of Prior Period (cont'd)

Reclassifications that have been made on consolidated income statement for the period ended 31 December 2012 are as follows:

- TL 1.664.232 of foreign currency gain from operations, which had been included in finacial income, has been reclassified into other income from operating activities.

- TL 11.520.738 of interest income from trade receivables, which had been included in financial income, has been reclassified into other income from operating activities.

- TL 881.808 of foreign currency losses from operations, which had been included in financial expenses, have been reclassified into other expenses from operating activities.

- TL 2.766.491 of interest expense from trade payables, which had been included in financial expenses, has been reclassified into other expenses from operating activities.

- TL 482.123 of profit from sale of property, plant of equipment, which had been included in other operating income, have been reclassified into other income from investing activities.

- TL 1.739.188 of purchase discount, which had been included in other operating income, have been reclassified into cost of sales.

- TL 109.422 of losses from sale of property, plant and equipment, which had been included in other operating expenses, has been reclassified into other income from investing activities.

2.3 Adoption of 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) <u>New and revised standards affecting the reported financial performance and / or financial position</u>

TAS 1 (Amendments) Presentation of Items of Other Comprehensive Income
The amendments to TAS 1 "Presentation of Items of Other Comprehensive Income" are effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "statement of income" is renamed as the "statement of profit or loss". The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

2.3 Adoption of New and Revised Turkish Accounting Standards (cont'd):

a) New and revised standards affecting the reported financial performance and / or financial position

TAS 19 Employee Benefits
The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application. Group management evaluated the effect of change on the prior years and concluded that it is not material.

b) New and revised standards applied with no material effect on the consolidated financial statements

TAS 1 (Amendments)	Presentation of Financial Statements
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 7	Presentation - Offsetting Financial Assets and Financial Liabilities
TAS 27 (2011)	Separate Financial Statements
TAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to TFRS	Annual Improvements to TFRSs 2009-2011 Cycle except for the amendment to TAS 1
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

TAS 1 (Amendments) Presentation of Financial Statements (issued in May 2012 as part of the Annual Improvements 2009-2011 period

Released in May 2012 as part of the Annual Improvements 2009-2011 period, changes in TAS 1 issued on or after 1 January 2013 are effective for annual periods beginning.

TAS 1 standard in accordance with the accounting policy retrospectively amending or retrospectively financial statements reorganizes or classify the business the previous period to the head of the statement of financial position (a third statement of financial position) must offer. TAS 1 in accordance with changes of a business only retrospective application, rearrangement or reclassification of the third statement of financial position constitutes information significant impact on the case of a third statement of financial position should submit and the related notes of the third statement of financial position together with the submission is not mandatory

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3 Adoption of New and Revised Turkish Accounting Standards (cont'd):

b) New and revised standards applied with no material effect on the consolidated financial statements (cont'd)

Consolidation, joint arrangements, associates and their presentation on the new and revised standards

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are as follows:

TFRS 10 replaces the parts of TAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation that is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 *Interests in Joint Ventures*. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

The application of these five standards did not have significant impact on amounts reported in the consolidated financial statements.

TFRS 13 *Fair Value Measurement*

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 *Financial Instruments: Disclosures* will be extended by TFRS 13 to cover all assets and liabilities within its scope.

The application of the new Standard did not have significant impact on the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3 Adoption of New and Revised Turkish Accounting Standards (cont'd):

b) New and revised standards applied with no material effect on the consolidated financial statements (cont'd)

Amendments to IFRS 7 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

***Annual Improvements to IFRSs 2009 - 2011 Cycle* issued in May 2012**

- Amendments to IAS 16 *Property, Plant and Equipment*;
- Amendments to IAS 32 *Financial Instruments: Presentation*; and
- Amendments to IAS 34 *Interim Financial Reporting.*

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The amendments to IAS 32 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 34

The amendments to IAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to IAS 34 did not have an effect on the Group's consolidated financial statements.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3 Adoption of New and Revised Turkish Accounting Standards (cont'd):

b) New and revised standards applied with no material effect on the consolidated financial statements (cont'd)

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Group management anticipates that IFRIC 20 will have no effect to the Group's financial statements as the Group does not engage in such activities.

(c) New and revised IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments
IFRS 9 and IFRS 7 (Amendments)	Effective Date of IFRS 9 and Transition Disclosures Required
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities [1]
IFRS 10, 11, IAS 27 (Amendment)	IFRS 10, 11, IAS 27 (Amendment) Investment Company
IAS 36 (Amendment)	Financial Assets for Non-Recoverable Value
IAS 39 (Amendments)	Renewal of Derivatives and Hedge Accounting
IFRS 21	Funding and Tax

[1] Effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments

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

IFRS 9 and IFRS 7 (Amendments) Effective Date of IFRS 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3 Adoption of New and Revised Turkish Accounting Standards (cont'd):

(c) New and revised IFRSs in issue but not yet effective (cont'd)

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 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 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 have been changed.

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.

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

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) and the financial statements of its subsidiary (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.

The consolidated financial statements incorporate the financial statements of the Company and 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 a majority of the voting rights of an investee, it has power over the 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 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.

(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 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.

The table below sets out shareholding structure of the subsidiary and associate at 31 December 2013:

Subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group % 31 December 2013	31 December 2012
Harranova Besi	Tomato and livestock production	Şanlıurfa	58,2%	58,2%

Investment in associate	Principal Activity	Place of incorporation and operation		
Tat Tohumculuk A.Ş.	Seed production	İstanbul	-	%30

2.6 Significant Accounting Policies

The accounting policies considered during the preparation of the consolidated financial statements are as follows.

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 5).

Related Parties

For the purpose of these financial statements, Koç Holding A.Ş., shareholders, key management personnel and Board members, in each case together with their families and companies, associates and joint ventures controlled by or affiliated with them are considered and referred to as related parties (Note 29).

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down (Note 10).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Continued)

Biological assets

Fattening of calves fair value less costs to estimate the market place is reflected in the accompanying financial statements (Note 11).

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements. Depreciation is provided on property, plant and equipment on a straight-line basis.

Depreciation is not calculated for land due to indefinite useful life estimation.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (4-8 years).

Corporate income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OFCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Corporate income taxes (cont'd)

<u>Deferred tax</u>

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

These types of investments and interest associated with the taxable temporary differences arising from the deferred tax asset in the near future taxable sufficient to obtain profit in the above mentioned differences can be utilized is probable and the future of the differences on the disappearance is probable that the conditions are calculated.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Financial instruments

Financial assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Investments other than (a) held-to-maturity debt securities or (b) held for trading securities are classified as available-for-sale. Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power.

Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Financial instruments

Trade receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity..

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Financial instruments (cont'd)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Provision for employee termination benefits

Employment termination benefits, represents the present value of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law, employment termination without due cause, call up for military service and death of the employees after at least one year work (Note 19).

Classified assets held for sale and discontinued operations

A disposal group is a separate part of the Group in terms of its operations and cash flows, which is classified as held for sale or disposed of by the Group. A disposal group can be a separate operational or geographical segment, a part of a separate plan for the purpose of sale or disposal, or a subsidiary acquired for purpose of sale. The Group measures a non-current asset or a disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell (Note 27).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Provisions, Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities.

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Revenues from sale of tomato paste and canned foods, milk and diary products, meat and meat products and pasta and mealy products are recognized when all the following conditions are satisfied:

• The Group transfers the significant risks and rewards of ownership of the goods to the buyer,

• The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,

• The amount of revenue can be measured reliably,

• It is probable that the economic benefits associated with the transaction will flow to the entity,

• The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest income:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges are recognized as financial income or expenses over the period of credit sales and purchases, and included under financial income and expenses.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)

Government incentives and grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets

Government grants relating to expense component are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Benefit of loan taken from Government with comperatively low interest rate than the market offers is accepted as Government Grants. Benefit gained over low interest rate is measured by subtracting gains from net book value of the loan at the beginning.

Foreign currency transactions

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 financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 Summary of Significant Accounting Policies (Cont'd)
Discontinued operations

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered through a sales transaction not through continuing use.

According to the decision taken by the Board of Directors on 29 June 2012, the Company's subsidiary Harranova Besi ve Tarım Ürünleri A.Ş. decided not to purchase new biological assets, and then decided to stop breeding activities. On 7 December 2012, the Company made an agreement with an independent and CMB listed expertise firm, to revalue Harranova Besi's property, plant and equipment related to breeding activities. As Harranova Besi could not meet the expectations, during the meeting of the Board of Directors held on 14.10.2013, it was resolved that tomato and paste production business be ceased and due efforts be undertaken to assess strategic options; and the results found were submitted to the shareholders during the Extraordinary General Assembly dated 26.12.2013 and it was resolved to assess strategic options relating to the operation, including restructuring the operations and material asset sale. (Note 27).

Earnings/(loss) per share
The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Statement of Cash Flows
In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the sales of goods and commodities of the Group.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

2.7 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The depreciation on property, plant and equipment is provided using the useful lives discussed in Note 14 to the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.7 Critical accounting estimates and assumptions (cont'd)

(b) Deferred tax assets

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. As the operations of Harranova Besi ceased in 2013, a provision for deferred tax assets have been accounted.

NOTE 3 - SEGMENT REPORTING

Primary reporting format - business segment

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 products
- Milk and dairy products
- Meat and meat products
- Pasta and bakery products

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 Malları Sanayi Pazarlama A.Ş. are the main customers of the Group. The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting.

Domestic sales and marketing activities are operated by the Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş., which is a member of Koç Group. Sales amount to the Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. is TL 674.855.529 (31 December 2013: 638.962.685 TL).

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

NOTE 3 – SEGMENT REPORTING (Cont'd)

a) For the period 1 January to 31 December 2013 Segmental analysis

	Tomato paste and canned products	Milk and dairy products	Meat and meat products	Pasta and bakery products	Total
Revenues	241.944.832	394.274.649	97.314.438	59.640.673	793.174.592
Cost of sales	(168.661.388)	(317.108.350)	(89.385.965)	(52.152.432)	(627.308.135)
Gross profit	**73.283.444**	**77.166.299**	**7.928.473**	**7.488.241**	**165.866.457**
Operating expenses					(125.881.834)
Operating profit/loss					**39.984.623**

For the period 1 January to 31 December 2012 Segmental analysis

	Tomato paste and canned products	Milk and dairy products	Meat and meat products	Pasta and bakery products	Total
Revenues	221.807.621	347.226.784	111.341.026	66.812.463	747.187.894
Cost of sales	(152.143.608)	(281.030.234)	(95.957.473)	(56.923.714)	(586.055.029)
Gross profit	**69.664.013**	**66.196.550**	**15.383.553**	**9.888.749**	**161.132.865**
Operating expenses					(116.656.517)
Operating profit/loss					**44.476.348**

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

NOTE 3 - SEGMENT REPORTING (Cont'd)

b) Segment assets

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

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

As of 31 December 2013 and 31 December 2012, the recorded amounts of the segment assets according to industrial segments are as follows:

	31 December 2013	31 December 2012
Meat and meat products	18.313.450	16.327.164
Tomatoe paste and canned products	44.381.082	71.992.927
Milk and dairy products	36.395.739	28.807.448
Pasta and bakery products	4.966.544	5.049.020
Assets that can not be allocated to departments	5.319.656	5.172.207
	109.376.471	**127.348.766**

As explained in detail at Note 27, the decision to cease the operations of Harranova Besi was taken on 14 October 2013 and the power to sell the properties of Harran Besi was given to Board of Directors on 26 December 2013. Assets of Harranova Besi are classified as assets held for sale.

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 the Group 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 and amortization and capital expenditures

Depreciation and amortization of the industrial segment assets for the years ended 31 December 2013 and 31 December 2012 are as follows:

	1 January 31 December 2013	1 January 31 December 2012
Meat and meat products	1.530.066	3.277.488
Tomato paste and canned products	8.484.444	9.848.253
Milk and dairy products	2.942.588	2.947.695
Pasta and bakery products	456.705	417.473
Depreciation and amortization charges that can not be allocated to segments	283.781	323.764
	13.697.584	**16.814.673**

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Depreciation and amortization and capital expenditures (Continued)

For the years ended 31 December 2013 and 31 December 2012, investment expenditures for the industrial segment assets are as follows:

	1 January 31 December 2013	1 January 31 December 2012
Meat and meat products	1.192.789	1.577.764
Tomato paste and canned products	7.638.176	6.777.561
Milk and dairy products	12.821.403	8.012.141
Pasta and bakery products	1.298.484	1.077.537
Capital expenditures that can not be allocated to segments	184.613	393.627
	23.135.465	**17.838.630**

NOTE 4 – INTERESTS IN OTHER ENTITIES

a) Subsidiaries

The following table does not have a whole group and significant subsidiaries with non-controlling shares the details of the shows

Subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group % 31 December 2013	31 December 2012
Harranova Besi	Tomato and livestock production	Şanlıurfa	58,2%	58,2%

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2012 and 31 December 2013 are as follows:

	31 December 2013	31 December 2012
Cash	2.296	2.184
Banks	10.328.419	1.025.416
-Time deposit - TL	5.276.160	-
-Demand deposit - TL	1.963.679	106.324
-Demand deposit - foreign currency	3.088.580	919.092
Others	110	510
	10.330.825	**1.028.110**

Maturity of time deposit is 2 January 2014 and the interest rate is 7.25%.

Nature and level of risks associated with Cash and Cash Equivalents have been explained in Note 30.

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

NOTE 6 – FINANCIAL ASSESTS

The details of financial investments as of 31 December 2013 and 31 December 2012 are as follows:

Long term financial assets	%	31 December 2013	%	31 December 2012
Available for sale financial assets				
Ram Dış Ticaret A.Ş.	7,5	4.012.500	7,5	4.387.500
Düzey Tüketim Malları Sanayi Pazarlama A.Ş.	1,1	544.641	1,1	544.641
Others		7.733		7.733
		4.564.874		**4.939.874**

NOTE 7– FINANCIAL BORROWINGS

The details of financial borowings as of 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
Shor term borrowings	2.265.742	59.969.452
Short-term portion of long-term borrowings	127.811.887	130.988.888
Total short term borrowings	**130.077.629**	**190.958.340**
Long term borrowings	59.940.100	85.333.334
Issued bonds	50.000.000	-
Total long term borrowings	**109.940.100**	**85.333.334**
	240.017.729	**276.291.674**

Group issued bonds on 14 March 2013 amounting to 50.000.000 TL with a maturity of 12 March 2015 and 7,31% interest rate. There is no mortgage given related to the Group's financial liabilities (31 December 2012: None).

The Group's foreign currency and Turkish Lira loans have fixed interest rate. Details of financial liabilities as at 31 December 2013 is as follows:

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

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

NOTE 7 – FINANCIAL BORROWINGS (Cont'd)

The details of financial liabilities at 31 December 2012 are as follows:

	The weighted average interest rate	Original Amount	31 December 2012
Short term financial borrowings			
TL borrowings	6,08%	59.969.452	59.969.452
			59.969.452
Short-term portion of long-term borrowings			
USD borrowings and interest	2,46%	14.949.531	26.649.034
TL borrowings and interest	11,10%	104.339.854	104.339.854
			130.988.888
Long term financial borrowings			
TL borrowings	%11,15	85.333.334	85.333.334
			85.333.334

As of 31 December 2013 of long-term loans denominated in TL currency payment plan is as follows:

	TL Borrowings	USD TL Equivalent
2015	95.000.000	14.940.100
	95.000.000	**14.940.100**

As of 31 December 2012 of long-term loans denominated in TL currency payment plan is as follows:

	TL Borrowings	USD TL Equivalent
2014	75.333.334	-
2015	10.000.000	-
	85.333.334	**-**

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

NOTE 8- TRADE RECEIVABLES AND PAYABLES

The details of trade receivables are as follows as of 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
Trade Receivables:		
Trade receivables	14.524.765	24.494.763
Notes and cheques receivable	53.951.298	66.871.246
Income accruals	3.613.568	7.050.627
Provisions for doubtful receivables	(1.921.371)	(2.789.315)
	70.168.260	**95.627.321**

Movement of provision for doubtful receivables as of 31 December 2013 and 31 December 2012 are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Opening balance	(2.789.315)	(2.364.677)
Provisions made during period	(316.211)	(490.436)
Collections	420.301	65.798
Reclassified to assets held for sale	763.854	-
	(1.921.371)	**(2.789.315)**

The nature and level of risk in trade receivables are given in note 30.

As of 31 December 2013 and 31 December 2012, details of trade payables are as follows:

	31 December 2013	31 December 2012
Trade Payables:		
Domestic suppliers	69.928.745	55.713.787
Foreign suppliers	-	1.722.134
	69.928.745	**57.435.921**

NOTE 9 - OTHER RECEIVABLES AND LIABILITIES

As of 31 December 2013 and 31 December 2012, other receivables and payables are as follows:

	31 December 2013	31 December 2012
Other short term other receivables		
Other receivables	10.614	16.409
	10.614	**16.409**

	31 December 2013	31 December 2012
Long term other receivables		
Deposits and guarantees given	74.970	75.120
	74.970	**75.120**

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

NOTE 10 - INVENTORIES

As at 31 December 2013 and 31 December 2012 with details of the stock is as follows:

	31 December 2013	**31 December 2012**
Raw material	46.345.293	47.548.397
Semi finished goods	1.068.748	2.443.425
Finished goods	113.373.680	118.247.531
-Tomato paste and canned products	96.855.068	102.184.268
-Milk and dairy products	12.854.378	11.589.679
-Meat and meat products	1.770.957	1.534.319
-Pasta and bakery products	1.893.277	2.939.265
Other inventory	1.693	1.692
Provision for inventory destruction (-)	(1.493.769)	(196.105)
	159.295.645	**168.044.940**

NOTE 11 - BIOLOGICAL ASSETS

The movement of biological assets as of 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	**31 December 2012**
Opening balance	-	31.354.180
Increase due to purchases	-	33.029.632
Increase in fair value	-	(2.203.336)
Decrease due to sales	-	(62.180.476)
	-	-

On 29 June 2012, the board of directors decided to stop biological assets purchases and end the livestock operations of the subsidiary, Harranova Besi. Livestock operations related to biological assets ended in December 2012.

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

NOTE 12-PREPAID EXPENSES AND DEFERRED INCOME

Short-term Prepaid Expenses	31 December 2013	31 December 2012
Advances given for the purchase of stock	215.791	625.313
Expenses related to future months	218.092	2.783.859
	433.883	**3.409.172**

Long-term Prepaid Expenses	31 December 2013	31 December 2012
Advances given for fixed asset purchases	90.977	284.300
Expenses related to future months	-	14.824
	90.977	**299.124**

Short-term Deferred Income	31 December 2013	31 December 2012
Income related to future months	573.656	934.348
	573.656	**934.348**

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

NOTE 13 - INVESTMENTS VALUED BY EQUITY METHOD

As of 31 December 2013 and 31 December 2012, the details of investments valued by equity pick up method are as follows:

Investment in associate	Place of incorporation and operation	Ownership percentage 31 December 2013	Ownership percentage 31 December 2012	Principal Activity
Tat Tohumculuk A.Ş.	İstanbul	-	%30	Seed production

	31 December 2013	31 December 2012
Total assets	-	23.030.966
Total liabilities	-	(1.376.008)
Net assets	-	21.654.958
The Group's share in net assets of investment in associate	-	6.496.487

	1 January-31 December 2013	1 January-31 December 2012
Revenues	14.282.651	15.478.728
Net profit	1.578.490	1.549.640
Group's share in net assets of investment in associate	473.547	464.892

Based on the decision taken at the meeting of Board of Directors on 9 December 2013, the shares in the investment in associate, Tat Tohumculuk A.Ş. (nominal share amount is 390.000 TL) with capital of 1.300.000 TL are sold to a Japan based company, Kagome Co. Ltd.with an amount of 15.000.000 TL. After the transaction, the Company does not have any shares in Tat Tohumculuk A.Ş. anymore (Note: 32).

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and depreciation as of31 December 2013 and 31 December 2012 are as follows;

	1 January 2013	Additions	Disposals	Transfers	Transfer to asset held for sale	Impairment	31 December 2013
Cost							
Land	8.325.434	-	-	-	-	-	8.325.434
Land improvements	15.175.536	133.861	(69.053)	1.064.862	(15.157.791)	-	1.147.415
Buildings	78.127.115	887.867	-	1.967.400	(6.872.673)	-	74.109.709
Machinery and equipment	399.067.735	9.518.905	(13.422.396)	6.824.698	(14.647.190)	-	387.341.752
Vehicles	6.597.180	2.269	(56.531)	-	(5.464.345)	-	1.078.573
Furniture and fixtures	48.665.732	2.504.509	(169.546)	83.498	(13.442.062)	(561.598)	37.080.533
Leasehold improvements	8.162.878	-	-	-	-	-	8.162.878
Construction in progress	1.204.196	9.942.706	-	(9.940.458)	-	-	1.206.444
	565.325.806	**22.990.117**	**(13.717.526)**	**-**	**(55.584.061)**	**(561.598)**	**518.452.738**
Accumulated Depreciation							
Land improvements	11.260.991	1.865.357	(65.971)	-	(10.625.639)	-	2.434.738
Buildings	47.885.054	1.932.813	-	-	(668.547)	-	49.149.320
Machinery and equipment	332.962.487	7.080.270	(13.064.077)	-	(9.087.074)	-	317.891.606
Vehicles	2.308.838	420.080	(17.080)	-	(2.069.696)	-	642.142
Furniture and fixtures	36.028.030	2.091.999	(131.816)	-	(6.501.068)	(222.041)	31.265.104
Leasehold improvements	8.296.444	-	-	-	-	-	8.296.444
	438.741.844	**13.390.519**	**(13.278.944)**	**-**	**(28.952.024)**	**(222.041)**	**409.679.354**
Net book value	**126.583.962**						**108.773.384**

Depreciation expense amounting to 8.094.959 TL (2012: 6.225.971 TL) is in the cost of goods sold, amounting to 530.188 TL (2012: 1.681.997 TL) is in general and administrative expenses, amounting to 2.643.140 TL (2012: 6.655.927 TL) is in stock and the remaining amount is in discontinued operations.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Cost					
Land	8.325.434	-	-	-	8.325.434
Land improvements	17.127.074	1.402.240	-	(3.353.778)	15.175.536
Buildings	100.271.225	896.536	-	(23.040.646)	78.127.115
Machinery and equipment	397.935.879	13.508.071	(2.461.094)	(9.915.121)	399.067.735
Vehicles	7.989.426	214.368	(217.282)	(1.389.332)	6.597.180
Furniture and fixtures	52.964.382	1.298.155	(403.088)	(5.193.717)	48.665.732
Leasehold improvements	8.162.878	-	-	-	8.162.878
Construction in progress	912.192	316.869	-	(24.865)	1.204.196
	593.688.490	**17.636.239**	**(3.081.464)**	**(42.917.459)**	**565.325.806**
Accumulated Depreciation					
Land improvements	8.786.962	2.495.621	-	(21.592)	11.260.991
Buildings	48.086.428	2.409.592	-	(2.610.966)	47.885.054
Machinery and equipment	332.896.473	8.734.881	(2.350.424)	(6.318.443)	332.962.487
Vehicles	2.762.525	509.491	(130.054)	(833.124)	2.308.838
Furniture and fixtures	37.087.726	2.291.724	(385.926)	(2.965.494)	36.028.030
Leasehold improvements	8.224.750	71.694	-	-	8.296.444
	437.844.864	**16.513.003**	**(2.866.404)**	**(12.749.619)**	**438.741.844**
Net Book Value	**155.843.626**				**126.583.962**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The estimated useful lives of tangible assets are as follows:

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

NOTE 15 - INTANGIBLE ASSETS

As of 31 December 2013 and 31 December 2012, intangible assets are composed of software licences and the movements in intangible assets and accumulated amortisation as of these years ended are as follows:

	1 January 2013	Additions	Transfers	31 December 2013
Costs	23.078.611	145.348	-	23.223.959
Accumulated Amortization	22.313.807	307.065	-	22.620.872
Net book value	**764.804**	**452.413**	**-**	**603.087**

	1 January 2012	Additions	Transfers	31 December 2012
Costs	22.922.615	202.391	(46.395)	23.078.611
Accumulated Amortization	22.048.933	301.670	(36.796)	22.313.807
Net Book Value	**873.682**	**504.061**	**(83.191)**	**764.804**

Total of amortization expenses amounted to 307.065 TL are included in general administrative expenses (2012: 301.670 TL TL)

(*) The Company 's subsidiary, Harranova Besi ceased its operations therefore the net book value of these activities amounting to 9.599 TL is reclassified to non-current assets held for sale. The impairment on rights 4.831 TL.

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

The major investment incentives granted by government authorities in conjunction with the major investment expenditures and the rights of the Company in consideration of these incentives are as follows

i) customs exemption related with imported goods, VAT exemption and taxes, duties, charges exceptions related with purchases of investment goods supplied from domestic markets.

ii) Harranova Besi, the subsidiary of the Company, has incentive allowance at the rate of 80% related to Social Security Institution (“SSI”) employer contribution.

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

NOTE 17 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2013 and 31 December 2012, the details of the provisions are as follows:

a) Provisions

	31 December 2013	31 December 2012
Provisions for lawsuits	55.000	172.100
Other Provisions	-	
	55.000	**172.100**

Provision for lawsuits December 31, 2013 and the year ended December 31, 2012 within the movement are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Opening balance	172.100	334.000
Additions during the period	-	17.100
Terminated provisions	-	(179.000)
Classified assests as held for sale	(117.100)	-
	55.000	**172.100**

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Group has miscellaneous guarantee letters given to tax authorities (related to VAT return receivables), agriculture enterprises and customs which are amounting to 58.657.393 TL (31 December 2012: 49.558.871 TL guarantee letters given).

The detail of the Company's and its subsidiary's 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:

	31 December 2013	31 December 2012
A. On the behalf of legal entity	58.657.393	49.558.871
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	-	-
	58.657.393	**49.558.871**

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 31 December 2013 is 0% (31 December 2012: 0%).

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

NOTE 19– EMPLOYEE BENEFITS

Short term employee benefits

Employee Benefit Payables	31 December 2013	31 December 2012
Due to personnel	604.725	964.838
Social security withholdings payable	996.601	731.789
	1.601.326	**1.696.627**

	31 December 2013	31 December 2012
Short-term provisions for employment benefits		
Provision for unused vacation	800.000	582.029
Staff bonus accruals	2.036.230	1.887.529
	2.836.230	**2.469.558**

Long-term Employee Benefits

Severance pay liability:

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions in accordance with the provisions set out in law no: 2422 issued at 6 March 1981, law no: 4447 issued at 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of 3.254,44 TL for each period of service at 31 December 2013 (31 December 2012: 3.033,98 TL)

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates are calculated assuming an annual inflation rate of 4,5% and a discount rate of 9,5%, resulting in a real discount rate of approximately 4,78% (31 December 2012: 3,86%).

As the maximum liability is revised semi annually, the maximum amount of 3.438,22 TL effective from 1 January 2014 is taken into consideration in the calculation of provision from employment termination benefits.

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

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

NOTE 19 - EMPLOYEE BENEFITS (Continued)

Below is the movement of employment termination provision as of 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
Opening balance	10.583.314	10.149.256
Service cost	3.127.587	4.653.512
Interest cost	394.384	474.485
Paid in the period	(2.508.511)	(4.693.939)
Actuarial gains / (losses)	(667.419)	-
Reclassified to assets held for sale	(378.623)	-
	10.550.732	**10.583.314**

NOTE 20 - OTHER ASSETS AND LIABILITIES

As of 31 December 2013 and 31 December 2012, other current / non-current assets and short / long-term liabilities are as follows:

	31 December 2013	31 December 2012
Other Current Assets		
Deductible value added taxes	30.975.361	33.836.274
Other value-added tax	458.866	1.079.387
Other	330.890	330.366
	31.765.117	**35.246.027**

	31 December 2013	31 December 2012
Other short term current liabilities		
Taxes, charges and other tax expenses payable	-	317.062
Accrual for selling expenses	2.184.018	1.212.802
Taxes and funds payable	2.186.864	1.932.812
Outsource services	474.834	210.623
Others	90.090	102.015
	4.935.806	**3.775.314**

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

NOTE 21 - SHAREHOLDERS 'EQUITY

a) Share Capital

As of 31 December 2013 and 31 December 2012, the shareholders and paid-in capital with the historical values are as follows

	%	31 December 2013	%	31 December 2012
Koç Holding A.Ş.	43,7	59.364.947	43,7	59.364.947
Shares publicly open in stock exchange	41,2	55.964.000	41,2	55.964.000
Kagome Co. Ltd.	3,7	5.071.168	3,7	5.071.168
Temel Ticaret ve Yatırım A.Ş.	3,3	4.427.889	3,3	4.427.889
Sumitomo Corporation	1,5	2.077.983	1,5	2.077.983
Other	6,6	9.094.013	6,6	9.094.013
Total Share Capital	**100**	**136.000.000**	**100**	**136.000.000**
Inflation adjustment to share capital		21.601.088		21.601.088
Adjusted share capital		**157.601.088**		**157.601.088**

The Company's share capital of year 2013 consists of 13.600.000.000 number of shares and there is no preferred stock (2012: 13.600.000.000 number of shares).

b) Revaluation Fund

Financial Assets Revaluation Fund:

Revaluation fund financial assets is resulted from fair value differences of available-for-sale financial assets. In case of disposal of a financial assets, which is presented with its fair value, revaluation fund related with disposed financial asset is recorded as income or loss under the profit and loss statement. When there is an impairment on a financial asset, revaluation fund related with impaired financial asset is recorded under profit and loss statement.

c) Restricted Reserves

Restricted reserves consist of legal reserves.

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with the Communiqué No:XI-29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the application of the requirements set out in the communiqué (such as, inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";
- If the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

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

NOTE 21 - EQUITY (Continued)

Other equity items shall be carried at the amounts valued in accordance with CMB Financial Reporting Standards.

Capital restatement differences can only be included in capital.

The Group's extraordinary reserve reclassed to accumulated profit is 69.591.644 TL as of 31 December 2013 (31 December 2012: 53.670.474 TL)

Profit Distribution:

In accordance with the Capital Markets Board's (the "Board"), minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies

Non-Controlling Interests

The Group's non-controlling interest Harranova As of the balance sheet date relating to non-controlling share loss for the period is TL12,788,060 (31 December 2012: TL 9,445,101 loss for the period).

	31 December 2013	31 December 2012
Opening balance	32.879.264	42.324.365
Net loss of non-controlling interests	(12.788.060)	(9.445.101)
	20.091.204	**32.879.264**

As of 31 December 2013, there are profit before tax amounting to 30.004.432 TL and other funds that would be subject to profit distribution without any tax burden amounting to 69.591.780 TL at the statutory records of the Company. In addition, there are other capital reserves, which would be subject to profit distribution with tax effect amounting to 715.878 TL at the statutory records.

NOTE 22 - SALES AND COST OF SALES

As of 31 December 2013 and 31 December 2012, details of revenue and sales cost are as follows:

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

	1 January-31 December 2013	1 January-31 December 2012
Domestic sales	845.328.891	780.424.826
Foreign sales	46.015.942	55.341.190
Rebates and sales discounts	(98.170.241)	(88.578.122)
Total operating revenue	**793.174.592**	**747.187.894**
Raw material costs	(548.111.437)	(509.322.190)
Labor costs	(20.242.610)	(17.791.428)
General production overheads	(64.556.776)	(64.504.670)
Depreciation cost	(8.094.959)	(6.225.971)
Change in inventory	13.697.647	11.789.230
Cost of sales	**(627.308.135)**	**(586.055.029)**
Gross profit	**165.866.457**	**161.132.865**

NOTE 23 - EXPENSES BY NATURE

31 December 2013 and 31 December 2012 details of sales cost and operating expenses are as follows:

	1 January-31 December 2013	1 January-31 December 2012
Marketing, Selling and Distribution Expenses		
Sales incentive and gondola participation expenses	(34.692.274)	(35.604.772)
Transportation and insurance expenses	(31.414.325)	(29.149.605)
Advertisement expenses	(15.304.178)	(15.302.946)
Sales support expenses	(6.494.916)	(5.634.948)
Other sales expenses	(7.206.285)	(6.332.571)
Personnel expenses	(5.174.355)	(5.352.951)
Sales promotion and commission expenses	(1.397.486)	(1.619.027)
Other	(1.343.162)	(1.096.902)
	(103.026.981)	**(100.093.722)**

For the years ended 31 December 2013 and 31 December 2012, the details of operating expenses are as follows:

	1 January-31 December 2013	1 January-31 December 2012
General and administrative expenses		
Personnel expenses	(14.506.365)	(10.935.196)
Employee termination benefits	(3.521.971)	(5.127.997)
Consultancy and lawsuit expenses	(3.261.113)	(2.213.043)
Transportation, travel expenses	(1.132.727)	(1.047.434)
Repair and maintanance expense	(1.409.650)	(1.247.789)
Taxes and duties expenses	(1.323.791)	(613.739)
Depreciation and amortization expenses	(837.253)	(1.983.667)
IT expenses	(1.019.780)	(805.285)
Other	(2.547.707)	(2.494.455)
	(29.560.357)	**(26.468.605)**

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

NOTE 24 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

31 December 2013 and 31 December 2012 details of other income and profits are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Other Operating Revenue		
Exchange differences from operations	2.347.861	1.664.232
Income from maturity differences	6.932.856	11.520.738
Dividend income	2.297.396	362.248
Provisions released	189.844	187.900
Other	1.388.333	952.757
	13.156.290	**14.687.875**

31 December 2013 and 31 December 2012, details of other expenses are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Other Operating Expense		
Exchange differences from operations	(2.427.242)	(881.808)
Expense from maturity differences	(2.487.983)	(2.766.491)
Destruction expenses	(1.493.769)	-
Other	(18.940)	(1.111.130)
	(6.427.934)	**(4.759.429)**

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

NOTE 25 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

As of 31 December 2013 and 31 December 2012, investment income and profits from operations is as follows:

Income from Investing Activities	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Sale income from property, plant and equipment	1.856.035	482.123
Gain on sales of associate (note 32)	8.029.966	-
	9.886.001	**482.123**

Expenses from Investing Activities	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Loss on sale of property, plant and equipment	(129.202)	(109.422)
Provision for impairment of property, plant and equipment	(339.557)	-
	(468.759)	**(109.422)**

NOTE 26 - FINANCIAL EXPENSES

As of 31 December 2013 and 31 December 2012, finance expenses are as follows:

	1 January- 31 December 2013	**1 January- 31 December 2012**
Interest expense on bank loans	(22.906.029)	(25.186.286)
	(22.906.029)	**(25.186.286)**

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

NOTE 27 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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 reclassed 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 2013, the decision to cease the operations of Harranova Besi was taken and the power to sell the properties of Harran 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 reclassed these items to non-current assets held for sale except the transfers to the Company.

	1 January- 31 December 2013	**1 January- 31 December 2012**
Livestock activities (Property, plant and equipment)	-	30.167.840
Livestock activities (intangible fixed assets)	-	9.599
Tomato paste production activities (property, plant and equipment)	26.632.037	-
Provision for impairment of property, plant and equipment	(16.982.031)	(15.187.237)
Trade and other receivables classified as held for sale	32.113.315	-
Trade and other payables classified as held for sale	(3.766.250)	-
Impairment of inventories	(1.781.799)	-
	36.215.272	**14.990.202**

	1 January- 31 December 2013	**1 January- 31 December 2012**
Revenue	46.142.647	91.442.497
Cost of sales	(47.213.360)	(93.654.706)
Gross profit	**(1.070.713)**	**(2.212.209)**
Impairment of non-current assets held for sale	(18.763.830)	(15.187.237)
Operating expenses	(4.135.051)	(8.670.647)
Profit before tax from discontinued operations	**(23.969.594)**	**(26.070.093)**
Deferred tax effects	(8.727.445)	3.501.153
Profit from discontinued operations	**(32.697.039)**	**(22.568.940)**

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

NOTE 28 – TAX ASSESTS AND LIABILITIES

	1 January- 31 December 2013	1 January- 31 December 2012
Current tax expense	(4.176.285)	(677.416)
Deferred tax expense	(390.050)	(3.630.437)
Total tax expense	**(4.566.335)**	**(4.307.853)**

	31 December 2013	31 December 2012
Current tax liabilities		
Current tax provision	4.176.285	2.090.738
Prepaid taxes and funds (-)	(2.859.178)	-
	1.317.107	**2.090.738**

Corporate Tax

The Group is subject to corporate tax applicable in Turkey. Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2013 is 20% (2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2013 (2012: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Mininsters' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Cont'd)

Investment Incentives

According to the regulation, published in the 27659 numbered Official Gazette on 1 August 2010, based on Law No. 6009 through article 5, the phrase "only 2006, 2007 and 2008 regarding years" on temporary article 69 of Income Tax Law No.193 that was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on January 8, is rearranged. With regard to rearrangement, nondeductible investment allowance due to insufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the concerned period. In addition to this, %20 corporate tax rate will be applied on the income after the deduction of the allowance.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2012: 20%) is used.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2013 and 2012 using the enacted tax rates is as follows:

Deferred tax assets / liabilities	31 December 2013	31 December 2012
Carry forward tax losses	-	7.114.844
Provision for impairment of associates	746.200	746.200
Severance pay liability	2.110.146	2.116.663
Difference between tax base and carry value of property, plant and equipment	216.511	561.162
Difference between tax base and carrying value of inventories	131.801	30.128
Doubtful receivables Provisions	84.060	122.029
Provision for unused vacation	160.000	116.406
Decrease in value of available for sale financial assets / (increase)	-	(25.909)
Provision for impairment of assets held for sale	-	3.037.447
Deferred tax provisions	-	(4.647.511)
Other	(721.544)	2.539.726
	2.727.174	**11.711.185**

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax (cont'd)

The Group has investment incentives with withholding tax, amounting to 5.663.569 TL. The management does not plan to use investment incentives with without withholding tax in accordance with current circumstances and estimates. Therefore, deferred tax asset was not booked for investment incentive with withholding tax, which is amounting to 5.663.569 TL.

Expiration schedule of carryforward tax losses is as follows:

	31 December 2013	31 December 2012
2013	-	8.313.552
2014	881.353	881.355
2016	15.127.183	15.127.183
2017	11.252.128	11.252.128
	27.260.664	**35.574.218**

Expiration schedule of carryforward tax losses for which provision is booked is as follows:

	31 December 2013	31 December 2012
2014	881.353	-
2016	15.127.183	-
2017	11.252.128	-
	27.260.664	**-**

Movement of the deferred tax for the years ended 31 December 2013 and 31 December 2012 is as follows:

Deferred tax movements	1 January 31 December 2013	1 January 31 December 2012
Opening balance as of January 1	11.711.185	11.840.469
Funds associated with	133.484	-
Deferred tax income / (expense)	(390.050)	(3.630.437)
Deferred tax expense from discontinued operations (Note 27)	(8.727.445)	3.501.153
Ending balance as of 31 December	**2.727.174**	**11.711.185**

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Cont'd)

Total charge for the year can be reconciled to the accounting profit as follows:

The reconciliation of tax:	1 January 31 December 2013	1 January 31 December 2012
Profit for the period from continuing operations	26.969.383	20.127.655
Net loss from discontinued operations (note 27)	(23.969.594)	(26.070.093)
	20%	20%
Income tax rate 20% (2012: 20%)	(599.958)	1.188.488
Tax effect of:		
Non deductible expenses	(830.042)	(633.176)
Income exemptions	2.643.708	-
Previously recognized deferred tax assets and carried forward losses that are provided for	(14.507.488)	(1.454.990)
Revenue generated from equity investment transactions	-	92.978
Tax expense	**(13.293.780)**	**(806.700)**

NOTE 29 - RELATED PARTY TRANSACTIONS

i) As of 31 December 2013 and 31 December 2012, the details of receivables and payables from related parties are as follows:

a) Bank deposits:

	31 December 2013	31 December 2012
Yapı ve Kredi Bankası A.Ş.	1.491.387	633.875
	1.491.387	**633.875**

b) Financial borrowings

	31 December 2013	31 December 2012
Yapı ve Kredi Bankası A.Ş.	15.092.686	57.015.100
	15.092.686	**57.015.100**

c) Receivables from Related Parties

	31 December 2013	31 December 2012
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	134.677.185	124.496.850
Sumitomo Corporation	2.985.115	2.979.391
Türkiye Petrol Rafineleri A.Ş.	184.980	143.967
Divan Turizm İşletmeleri A.Ş.	191.651	129.118
Other	58.800	4.962
	138.097.731	**127.754.288**

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

NOTE 29 - RELATED PARTY TRANSACTIONS (Cont'd)

d) Payables to related parties

	31 December 2013	31 December 2012
Zer Merkezi Hizmetler ve Ticaret A.Ş.	5.544.915	5.707.125
Sumitomo Corporation	1.935.002	1.753.026
Koç Holding A.Ş.	394.980	672.052
Otokoç Otomotiv Tic.ve San.A.Ş.	258.953	473.422
Temel Ticaret ve Yatırım A.Ş	197.402	104.650
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.536	74.908
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	23.319	239.424
Ram Dış Ticaret A.Ş	-	244.892
Opet Petrolcülük A.Ş.	51.598	56.942
Koç Sistem A.Ş.	239.405	165.802
Setur Servis Turistik A.Ş	21.437	55.520
Eltek Elektrik Enerji. İth.İhr.Top.Tic. A.Ş.	738.529	-
Other	114.616	40.822
	9.521.692	**9.588.585**

(*) This amount represents accrued and paid premium amount as of 31 December 2013, which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

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

NOTE 29 - RELATED PARTY TRANSACTIONS (Cont'd)

ii) For the years ended 31 December 2013 and 2012, the details of significant sales to related parties and purchases from related parties are as follows:

a) Sales to related parties:

	1 January- 31 December 2013	1 January- 31 December 2012
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. (*)	674.855.529	638.962.685
Sumitomo Corporation	21.049.290	25.696.666
Türkiye Petrol Rafineleri A.Ş.	1.891.222	1.725.560
Divan Turizm İşletmeleri A.Ş.	455.157	502.240
Other	128.766	336.239
	698.379.964	**667.223.390**

(*)Domestic sales and marketing activities of the Company are operated by Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş., which is a member of Koç Group. Average maturity for the sales to Düzey Tüketim Malları Sanayi Pazarlama A.Ş. is 85 days.

b) Purchases from related parties:

	1 January- 31 December 2013	1 January- 31 December 2012
Zer Merkezi Hizmetler ve Ticaret A.Ş.	9.327.739	9.773.534
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	17.693	32.021
Ram Dış Ticaret A.Ş.	-	546.045
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	15.404	-
Aygaz A.Ş.	69.247	159.957
Koçtaş Yapı Marketleri Ticaret A.Ş.	24.861	-
Discontinued operations		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	2.331.795	2.172.008
Aygaz A.Ş.	39.270	-
Türk Traktör ve Ziraat Makinaları A.Ş.	15.254	-
Otokoç Otomotiv Tic. Ve San. A.Ş.	81.709	136.700
Opet Petrolcülük A.Ş.	266.761	437.064
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	39.595	1.314
	12.229.328	**13.258.643**

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

NOTE 29 - RELATED PARTY TRANSACTIONS (Cont'd)

c) Service purchases from related parties:

	1 January- 31 December 2013		**1 January- 31 December 2012**
Zer Merkezi Hizmetler ve Ticaret A.Ş.	17.671.081	0	17.499.394
Koç Holding A.Ş.	1.392.208		2.001.774
Temel Ticaret ve Yatırım A.Ş.	1.077.749		717.228
Opet Petrolcülük A.Ş.	832.459		836.395
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	366.024		1.055.943
Setur Servis Turistik A.Ş.	489.039		353.917
Koç Sistem A.Ş.	1.069.280		-
Otokoç Otomotiv Tic. ve San. A.Ş.	986.717		624.845
Aygaz A.Ş.	69.247		222
Other	445.548		288.092
Discontinued operations			
Zer Merkezi Hizmetler ve Ticaret A.Ş.	160.504		323.662
Koç Sistem A.Ş.	22.854		37.388
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	258.743		361.382
Setur Servis Turistik A.Ş.	46.556		72.042
Koç Holding A.Ş.	115.327		345.262
	25.003.336		**24.517.546**

*Amount represents accrued premium amount as of 31 December 2013, which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

iii) For the years ended 31 December 2013 and 2012, the details of financial expenses to related parties are as follows:

a) Interest expense:

	1 January- 31 December 2013	**1 January- 31 December 2012**
Yapı ve Kredi Bankası A.Ş.	4.208.942	1.915.218
Discontinued operations		
Yapı ve Kredi Bankası A.Ş.	89.921	1.079.595
Koç Holding A.Ş.	203.721	1.464.715
	4.502.584	**4.459.528**

iv) For the years ended 31 December 2013 and 2012, the details of other income and expenses from/ to related parties are as follows:

a) Rent expense:

	1 January- 31 December 2013	**1 January- 31 December 2012**
Temel Ticaret ve Yatırım A.Ş.	462.495	409.495
	462.495	**409.495**

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

NOTE 29 - RELATED PARTY TRANSACTIONS (Continued)

iv) For the years ended 31 December 2013 and 2012, the details of other income and expenses from/ to related parties are as follows:

b) Payments to key management:

	1 January- 31 December 2013	1 January- 31 December 2012
Salaries and other short-term benefits	5.255.582	4.042.466

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 9, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net debt/total capital ratio. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.
As at 31 December 2013 and 31 December 2012 the debt to equity ratio is as follows:

	31 December 2013	31 December 2012
Total Liabilities	240.017.729	276.291.674
Negative: Cash and Cash Equivalents (Note 4)	(10.330.825)	(1.028.110)
Net Debt	229.686.904	275.263.564
Total Equity	221.813.790	231.948.846
Net Liability/Equity	104%	119%

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial Risk Factors

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Group's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

There are not any changes in financial risk factors and credit risk management of the Group as compared to previous year.

b.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.

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2013	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivative Instruments	Other
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	-	-	-	-	-	-	-

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2012	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivative Instruments	Other
Maximum net credit risk as of balance sheet date	127.754.288	95.627.321	-	16.409	1.025.416	-	-
-The part of maximum risk under guarantee with collateral etc.	-	36.321.422	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	127.754.288	89.056.750	-	16.409	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	6.570.571	-	-	-	-	-
C. Net book value of impaired assets						-	-
-Past due (gross carrying amount)	-	2.789.315	-	-	-	-	-
- Impairment (-)	-	(2.789.315)	-	-	-	-	-
- 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	-	-	-	-	-	-	-

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

	Receivables					
31 December 2013	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	1.201.577	-	-	-	-	1.201.577
Past due 1-3 months	396.744	-	-	-	-	396.744
Past due 3-12 months	656.825	-	-	-	-	656.825
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	2.255.146	-	-	-	-	2.255.146
The part under guarantee with collateral	2.255.146	-	-	-	-	2.255.146

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

	Receivables					
31 December 2012	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	1.219.196	-	-	-	-	1.219.196
Past due 1-3 months	2.981.880	-	-	-	-	2.981.880
Past due 3-12 months	2.369.495	-	-	-	-	2.369.495
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	6.570.571	-	-	-	-	6.570.571
The part under guarantee with collateral	6.548.082	-	-	-	-	6.548.082

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

As of balance sheet date, letter of guarantees held for the trade receivables that are past due as but not provision booked is as follows:

	31 December 2013	31 December 2012
The part under guarantee wtih collateral	6.883.397	6.548.082

b.2) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. Line of credits that are ready to use the liquidity requirements of the Group are disclosed in note 8.

The following table presents the maturity of Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management (continued)

31 December 2013

Contractual Maturity Analysis	Carrying Value	Total Cash Outflow According to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years(III)	More than 5 Years (IV)
Non-derivative financial liabilities						
Bank borrowings	240.017.729	246.999.488	11.678.834	122.903.784	112.416.870	-
Trade payables	69.928.745	69.928.745	69.928.745	-	-	-
Payables to related parties	9.521.692	9.521.692	9.521.692	-	-	-
Total liabilities	319.468.166	326.449.925	91.129.271	122.903.784	112.416.870	-

31 December 2012

Contractual Maturity Analysis	Carrying Value	Total Cash Outflow According to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years(III)	More than 5 Years (IV)
Non-derivative financial liabilities						
Bank borrowings	276.291.674	287.868.033	62.346.165	138.708.973	86.812.895	-
Trade payables	57.435.921	57.435.921	57.435.921	-	-	-
Other Liabilities	9.588.585	9.588.585	9.588.585	-	-	-
Total liabilities	343.316.180	354.892.539	129.370.671	138.708.973	86.812.895	-

31 December 2013

Contractual Maturity Analysis	Carrying Value	Total Cash Outflow According to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years(III)	More than 5 Years (IV)
Derivative financial liabilities						
Derivative cash outflow	-	-	-	-	-	-

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2012

Contractual Maturity Analysis	Carrying Value	Total Cash Outflow According to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years(III)	More than 5 Years (IV)
Derivative financial liabilities						
Derivative cash outflow	-	-	-	-	-	-

b.3) Market risk management

The Group's activities expose it to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Group uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. These instruments are:

1. Foreign exchange forward purchase agreements to manage exposure to liabilities denominated in foreign currencies.
2. Foreign exchange purchase options to manage exposure to liabilities denominated in foreign currencies.
3. Principal and interest swap agreements to manage exposure to liabilities denominated in foreign currencies.

At the Group level market risk exposures are measured by sensitivity analysis and stress scenarios.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk.

b.4) Foreign currency risk management

The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "forward foreign exchange contracts".

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

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.4) Foreign currency risk management (cont'd)

31 December 2013

A	Total TL Equivalent	USD TL Equivalent	Euro TL Equivalent	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 items (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	-	-	-	-

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

b.4) Foreign currency risk management (cont'd)

31 December 2012

	Total TL Equivalent	USD TL Equivalent	Euro TL Equivalent	Other
1. Trade Receivables	11.432.096	6.250.629	123.198	-
2.a Monetary financial assets	884.390	496.100	18	-
2.b Non-monetary financial assets	-	-	-	-
3. Other	5.488.698	3.079.041	-	-
4. CURRENT ASSETS	17.805.184	9.825.770	123.216	-
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	17.805.184	9.825.770	123.216	-
10. Trade Payables	(1.926.953)	(866.640)	(162.470)	-
11. Financial Liabilities	(26.649.034)	(14.949.531)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	(28.575.987)	(15.816.171)	(162.470)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(28.575.987)	(15.816.171)	(162.470)	-
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	(10.770.803)	(5.990.401)	(39.254)	-
21. Net foreign currency asset/ liability position of non monetary items (1+2a+6a-10-11-12a-14-15-16a)	(16.259.501)	(9.069.442)	(39.254)	-
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

Currency risk 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.

Currency risk sensitivity

	31 December 2013	
	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	(806.943)	806.943
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect	(806.943)	806.943
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 (-)	-	-
6- Euro net effect	47.078	(47.078)
TOTAL	**(759.865)**	**759.865**

	31 December 2012	
	Profit/ Loss	
	Appreciation of Foreign currency	Devaluation of foreign currency
1 - US Dollar net asset/liability	(1.067.850)	1.067.850
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect	(1.067.850)	1.067.850
In the case of appreciation of EURO Dollar at 10 % ratio compared to TL		
4 - Euro net asset/liability	(9.230)	9.230
5 - Part of hedged from EURO risk (-)	-	-
6- Euro net effect	(9.230)	9.230
TOTAL	**(1.077.080)**	**1.077.080**

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

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

b) Financial risk factors (cont'd)

Foreign currency purchase/sale contracts

The Group makes forward contracts and currency swaps to cover the risks of receipts and payments, in a certain foreign currency. When expected sale and purchase transactions occur, book values of the items hedged from non-financial risk are adjusted.

Group has no foreign currency purchase/sale contracts in current period. (31 December 2012: None)

Interest rate risk management

The Group borrows funds at fixed and variable rates that the Group is exposed to interest rate risk. By the Group, such risk is managed between fixed and variable rate debt by making an appropriate distribution with the interest rate swap contracts and term interest rate contracts. Hedging strategies, with the interest rate expectations and defined risk, is evaluated on a regular basis. Thus, the creation of an optimal hedging strategy, is intended to control review to balance sheet position and interest payments with different interest rates.

The following sensitivity analysis is determined on the exposure to interest rate risks of non derivative instruments in the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. The Group management expects a floatation in interest rates of 1%. The respective amount is used in reporting to the top management within the Group.

Interest Position Table

	31 December 2013	31 December 2012
Fixed interest instruments		
Financial Liabilities (TL)	218.674.729	276.291.674
Financial Liabilities (USD)	21.343.000	-

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

NOTE 31 – FINANCIAL INSTRUMENTS

Financial Instruments' Classification and Fair Value

31 December 2013	Financial assets at amortized cost	Loans and receivables (cash and cash equivalents included)	Available for sale financial assets	Finacial assets at fair value through profit or loss	Finacial liabilities at fair value through profit or loss	Carrying Value	Note
Financial Assets							
Cash and cash equivalents	10.330.825	-	-	-	-	10.330.825	5
Trade receivables	-	70.168.260	-	-	-	70.168.260	8
Receivables from related parties	-	138.097.731	-	-	-	138.097.731	29
Other financial assets	-	-	4.564.874	-	-	4.564.874	6
Financial Liabilities							
Financial liabilities	-	-	-	240.017.729	-	240.017.729	7
Trade payables	-	-	-	69.928.745	-	69.928.745	8
Payales to related parties	-	-	-	9.521.692	-	9.521.692	29

31 December 2012	Financial assets at amortized cost	Loans and receivables (cash and cash equivalents included)	Available for sale financial assets	Finacial assets at fair value through profit or loss	Finacial liabilities at fair value through profit or loss	Carrying Value	Note
Financial Assets							
Cash and cash equivalents	1.028.110	-	-	-	-	1.028.110	5
Trade receivables	-	95.627.321	-	-	-	95.627.321	8
Receivables from related parties	-	127.754.288	-	-	-	127.754.288	29
Other financial assets	-	-	4.939.874	-	-	4.939.874	6
Financial Liabilities							
Financial liabilities	-	-	-	276.291.674	-	276.291.674	7
Trade payables	-	-	-	57.435.921	-	57.435.921	8
Payales to related parties	-	-	-	9.588.585	-	9.588.585	29

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

NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

• First level: Financial assets and liabilities in active markets for identical assets and liabilities are valued at the quoted prices.

• Second level: Financial assets and liabilities and the related assets or liabilities other than quoted prices in first level directly or indirectly observable market prices are used to determine valuation.

• Third level: Financial assets and liabilities, assets or liabilities that are used in determining the fair value observed in the market valuation is based on the data.

The fair values of the financial assets and liabilities classification level are as follows:

		Level of fair value as of reporting date		
	31 December	1st Level	2nd Level	3rd Level
Financial Assets	2013	TL	TL	TL
Financial Assets at fair value through profit or loss	-	-	-	-
Available-for-sale-financial assets	4.564.874	-	4.564.874	-
Total	**4.564.874**	**-**	**4.564.874**	**-**

		Level of fair value as of reporting date		
	31 December	1st Level	2nd Level	3rd Level
Financial Assets	2012	TL	TL	TL
Financial Assets at fair value through profit or loss	-	-	-	-
Available-for-sale-financial assets	4.939.874	-	4.939.874	-
Total	**4.939.874**	**-**	**4.939.874**	**-**

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

NOTE 32-DISPOSAL OF AN ASSOCIATE

	TL
Net book value of the assets disposed	
Current Assets	
Cash and cash equivalents	5.484.322
Trade receivables	10.070.470
Inventories	5.237.922
Other current assets	1.873.757
Non current Assets	
Property, plant and equipment	4.611.556
Short Term Liabilities	
Trade payables	(2.755.754)
Other payables	(410.602)
Long Term Liabilities	
Other liabilities	(591.262)
Deferred tax liabilities	(286.961)
The net assets disposed of	23.233.448
Effective ownership rate	30%
The net assets disposed of	6.970.034
Sale Price	
Cash and cash equivalents received	15.000.000
Gain on sale of associate	8.029.966

Based on the decision taken at the meeting of Board of Directors on 9 December 2013, the shares in the investment in associate, Tat Tohumculuk A.Ş. (nominal share amount is 390.000 TL) with capital of 1.300.000 TL are sold to a Japan based company, Kagome Co. Ltd. with an amount of 15.000.000 TL. After the transaction, the Company does not have any shares in Tat Tohumculuk A.Ş. anymore (Note: 32).

NOTE 33 SUBSEQUENT EVENTS

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 wholy 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.

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.