TAT KONSERVE SANAYİİ A.Ş.
AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011

(translated into English from
the Turkish original copy)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tat Konserve Sanayii A.Ş.
İstanbul

We have audited the accompanying consolidated financial statements of Tat Konserve Sanayii A.Ş. and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2011, and the statement of consolidated comprehensive income, statement of changes in equity and statement of cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Financial Reporting Standards issued by Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Markets Board.

İstanbul, 24 February 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Burç Seven
Partner

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TAT KONSERVE SANAYİİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

ASSETS	**Notes**	**31 December 2011**	**31 December 2010**
Current Assets		**428.056.413**	**372.844.580**
Cash and Cash Equivalents	6	12.848.217	7.019.706
Financial Assets	8	23.336.577	-
Trade Receivables		167.682.986	147.802.111
-Due from related parties	36	99.450.422	101.223.314
-Other trade receivables	11	68.232.564	46.578.797
Other Receivables	12	43.999	75.712
Inventories	14	153.078.074	149.696.122
Biological Assets	15	31.354.180	42.849.540
Derivative Financial Assets	7	2.009.599	309.900
Other Current Assets	27	37.599.020	24.819.231
		427.952.652	372.572.322
Non-Current Assets Held for Sale	34	103.761	272.258
Non-Current Assets		**177.876.586**	**183.460.983**
Other Receivables	12	75.997	75.899
Financial Investments	8	2.075.554	2.075.554
Equity Investments	17	6.421.595	5.635.372
Investment Property	18	-	-
Propert, Plant and Equipment	19	155.843.626	160.196.911
Intangible Assets	20	873.682	468.189
Deferred Tax Assets	35	11.840.469	12.684.165
Other Non-Current Assets	27	745.663	2.324.893
TOTAL ASSETS		**605.932.999**	**556.305.563**

TAT KONSERVE SANAYİİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

LIABILITIES	**Notes**	**31 December 2011**	**31 December 2010**
Short Term Liabilities		**161.573.145**	**185.627.694**
Financial Borrowings	9	83.245.508	124.074.836
Trade Payables		69.289.596	53.891.520
- Due to related parties	36	12.481.312	9.134.317
- Other trade payables	11	56.808.284	44.757.203
Liabilities for current period income	35	285.105	-
Other Short Term Liabilities	27	5.812.181	3.438.126
Derivative Financial Liabilities	7	-	1.235.448
Provisions	23	334.000	537.657
Provision for Employee Benefits	25	2.606.755	2.450.107
Long Term Liabilities		**208.526.190**	**137.472.714**
Financial Borrowings	9	198.376.934	128.903.596
Provision for Employment Termination Benefits	25	10.149.256	8.569.118
SHAREHOLDERS' EQUITY		**235.833.664**	**233.205.155**
Attributable to equity holders of the parent		**193.509.299**	**184.520.130**
Paid-in Capital	28	136.000.000	136.000.000
Inflation Adjustment to Share Capital		21.601.088	21.601.088
Share Premium		10.107.809	10.107.809
Revaluation Fund		492.271	492.271
Restricted Reserves		60.404	60.404
Accumulated Losses		16.258.558	45.840
Profit for the Period		8.989.169	16.212.718
Non-Controlling Interests	28	**42.324.365**	**48.685.025**
TOTAL LIABILITIES AND EQUITY		**605.932.999**	**556.305.563**

TAT KONSERVE SANAYİİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

	Notes	1 January- 31 December 2011	1 January- 31 December 2010
Sales revene	29	758,415,676	786,895,468
Cost of sales (-)	29	(622,166,712)	(643,093,486)
GROSS PROFIT		**136,248,964**	**143,801,982**
Marketing, selling and distribution expens	30	(87,517,381)	(77,898,699)
General administrative expenses (-)	30	(28,153,613)	(23,784,966)
Research and development expenses (-)		(8,868)	(64,944)
Other operating income	31	4,722,660	7,688,068
Other operating expenses	31	(1,261,121)	(3,590,858)
OPERATING PROFIT		**24,030,641**	**46,150,583**
Income from equity investments			
	17	981,223	727,459
Finance income	32	16,103,698	10,855,371
Finance expenses	33	(36,154,104)	(30,266,567)
PROFIT BEFORE TAX		**4,961,458**	**27,466,846**
Taxation			
Tax on profit for the period	35	(1,489,253)	-
Deferred tax expense	35	(843,696)	(9,856,282)
PROFIT FOR THE PERIOD		**2,628,509**	**17,610,564**
Profit for the Period Attributable to:			
Non-controlling interests		(6,360,660)	1,397,846
Parent company		8,989,169	16,212,718
Earnings Per Share (*)		0.02	0.13
Other Comprehensive Income/(Loss)		-	-
TOTAL COMPREHENSIVE INCOME		**2,628,509**	**17,610,564**
Attributable to:			
Non-controlling interests		(6,360,660)	1,397,846
Parent company		8,989,169	16,212,718
Earnings Per Share (*)		**2,628,509**	**17,610,564**
(*) Represents the earnings per 100 shares		0.02	0.13

AUDITED CONSOLIDATED STATEMENTS OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

	Notes	Share Capital	Inflation adjustment on share capital	Share premium	Revaluation fund on financial assets	Restricted reserves assorted from profit	Period Net Income	Retained earnings/ accumulated losses	Equity attributable to Parent Company	Non-controlling interest	Total equity
Balance at 31 December 2009		**136,000,000**	**21,601,088**	**10,107,809**	**492,271**	**60,404**	**33,738,567**	**(33,692,727)**	**168,307,412**	**30,547,179**	**198,854,591**
Transfers		-	-	-	-	-	(33,738,567)	33,738,567	-	-	-
Total comprehensive income		-	-	-	-	-	16,212,718	-	16,212,718	1,397,846	17,610,564
Capital increase of subsidiary(*)		-	-	-	-	-	-	-	-	16,740,000	16,740,000
Balance at 31 December 2010	28	**136,000,000**	**21,601,088**	**10,107,809**	**492,271**	**60,404**	**16,212,718**	**45,840**	**184,520,130**	**48,685,025**	**233,205,155**

	Notes	Share Capital	Inflation adjustment on share capital	Share premium	Revaluation fund on financial assets	Restricted reserves assorted from profit	Period Net Income	Retained earnings/ accumulated losses	Equity attributable to Parent Company	Non-controlling interest	Total equity
Balance at 31 December		**136,000,000**	**21,601,088**	**10,107,809**	**492,271**	**60,404**	**16,212,718**	**45,840**	**184,520,130**	**48,685,025**	**233,205,155**
Transfers		-	-	-	-	-	(16,212,718)	16,212,718	-	-	-
Total comprehensive income		-	-	-	-	-	8,989,169	-	8,989,169	(6,360,660)	2,628,509
Balance at 31 December 2011	28	**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**

(*) Capital of Harranova Besi ve Tarım Ürünleri A.Ş., subsidiary of TAT Konserve Sanayi A.Ş., has been increased TL 40.000.000 in 2010.

TAT KONSERVE SANAYİİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

	Notes	1 January- 31 December 2011	1 January- 31 December 2010
Profit before taxation		4.961.458	27.466.846
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization	18,19,20	15.576.560	15.817.449
Provision for employee termination benefits	25	3.972.920	2.306.024
(Reversal)/allowances for doubtful receivables	11	140.802	53.205
Other provisions	23	(203.657)	258.955
Provision for unused vacation	25	(34.675)	40.197
Profit from equity investments	17	(981.223)	(727.459)
Profit from dividends	31	(223.648)	(159.374)
Income accruals		(8.636.202)	(5.647.354)
Biological assets fair value increase/decrease	15	2.691.680	1.780.150
Profit from sale of tangible assets	31	(1.420.500)	(5.450.482)
Loss from sale of tangible assets	31	473.256	34.395
Profit/Loss from Derivative Financial instruments	32,33	(1.868.429)	2.305.158
Unrealized foreign exchange gain/(loss) on financial liabilities		17.527.500	2.456.957
Interest income	32	(1.072.787)	(325.520)
Interest expense	33	22.708.161	19.834.663
Operating profit before working capital change		**53.611.216**	**60.043.810**
Decrease/(increase) in trade receivables and other receivables		(21.794.569)	20.281.611
Increase in due from related parties		1.772.892	(19.628.457)
Increase in inventories		(3.381.952)	(13.708.021)
Increase in biological assets		8.803.680	(6.919.967)
Increase in non-current assets held for sale		168.497	-
Decrease in other current assets		(4.111.972)	533.850
(Decrease)/increase in other non-current assets		1.579.230	1.264.010
(Decrease)/increase in trade payables		12.051.081	(14.072.011)
(Decrease)/increase due to related parties		3.346.995	2.155.676
(Decrease)/increase in other liabilities		(561.092)	(2.027.127)
Decrease in provision for employee benefits		191.323	342.530
Cash generated from activities		**51.675.329**	**28.265.904**
Employee termination benefits paid	25	(2.392.782)	(1.827.701)
Taxes and Funds paid	35	(1.204.148)	-
Cash generated from operations		**48.078.399**	**26.438.203**
Investing activities:			
Tangible and intangible asset acquisitions	18,19,20	(15.546.303)	(18.612.287)
Cash generated from sale of tangible assets		4.864.779	856.855
Dividend Income		418.648	705.375
Short term financial Investments	8	(22.679.970)	-
Cash generated from Assets held for sale		-	8.050.000
Interest received	32	969.680	325.520
Net cash used in investing activities		**(31.973.166)**	**(8.674.537)**
Financing activities:			
Loans paid		(120.177.354)	(484.866.070)
Loans received		130.100.000	477.515.555
Interests paid		(22.067.797)	(18.363.168)
Cash obtained from derivative contracts (net)		1.868.429	(2.305.158)
Capital payments of non-controlling interests	28	-	16.740.000
Net cash generated from/(used in) financing activities		**(10.276.722)**	**(11.278.841)**
Net change in cash and cash equivalents		**5.828.511**	**6.484.825**
Cash and cash equivalents at the beginning of the period	6	**7.019.706**	**534.881**
Cash and cash equivalents at the end of the period	6	**12.848.217**	**7.019.706**

The accompanying notes form an integral part of financial statements.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Tat Konserve Sanayii A.Ş. (“Tat Konserve” or “the Company”) was established in 1967. 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 1.096 employees at 31 December 2010 (31 December 2010: 1.081).

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., the subsidary of the Company has operations in tomato and livestock production. Meat and meat product sales of Harranova Besi have declined due to the drop of prices with the increasing import of meat and meat products at the 9 months’ period ending at 31 December 2011 in comparson to the same period in 2010.

Tat Tohumculuk A.Ş., participation of the Company is operating in seed sector as producing various plants’ seeds, export and import. Besides, Tat Tohumculuk is producing tube seedlings in glasshouse located on 40 decare floor.

	Direct and indirect share of the Company	
	31 December 2011	**31 December 2011**
Subsidiary:		
Harranova Besi ve Tarım Ürünleri A.Ş. (“Harranova Besi”)	%58,2	%58,2
Investment in associate:		
Tat Tohumculuk A.Ş.	%30,0	%30,0

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

The registered office address of the Company is as follows:

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

Acceptance of financial statements:

Consolidated financial statements are authorized for issue by Board of Directors meeting on 24 February 2012; 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 Financial Reporting Standards

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 and tax legislation.

Capital Market Board (CMB) issued Decree No XI-29 “Capital Markets Reporting Standards” that provides a detailed accounting principals set. This particular decree became effective for periods after 1 January 2008 and Decree No XI-25 “Capital Markets Accounting Standards” is abolished. The mentioned Decree XI-29, declares that the entities applying International Financial Reporting Standards (IFRS) are accepted as applying the preparation and disclosure requirements of Decree No XI-29. In this context, Turkish Accounting/ Financial

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

2.1 Financial Reporting Standards (cont'd)

Reporting Standards ("TAS/TFRS") which are not contrary to standards adopted and promulgated by TASB and will be applied.

Within this scope, Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") which is aboveboard is taken as a basis.

The considered financial statements and notes have been represented in accordance with the communique issued which advises formats to be applied and compulsory information included by CMB (Capital Markets Board) on 17 April 2008 and 9 January 2009.

Article no.1 of Law numbered 2999 has been abjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on November 2, 2011 and Public Supervision, Accounting and Auditing Standards Board has been founded. 1st Temporary article of mentioned Statutory Decree no.660 states that current regulations applied for related issues will be enforced until standards and regulations are issued by the Institution. Therefore, in aforementioned case, no alterations is made in "Principles of Preparation of Financial Statements"

The consolidated financial statements are prepared in Turkish Lira ("TL") based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.2 Comparative Informations and The Adjustments of The Prior Terms Financial Statements

Consolidated financial statements of Group are prepared in comparison with previous period in order to identify financial position and performance trends. In case of change in representation or classification of assets in consolidated financial statements, consolidated financial statements of previous period are reclassified accordingly in order to sustain comparability. There is no effect of these reclassifications in the profit for the period.

2.3 Adoption of New and Revised International Financial Reporting Standards

New and updated standards and comments stated below have been applied by the Group and have affected on the amounts reported and explanations. Other standards and comments which have no effect on amounts reported but applied on financial statements have been explained in the following parts.

(a) Standards, amendments and interpretations to existing standards effective to Group's financial statements and notes

There is no standard effective in the current period that affects the Group's financial statement.

(b) Standards, amendments and interpretations to existing standards effective to Group's financial performance and/or balance sheet

There is no standard effective in the current period that affects the Group's financial statement.

(c) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(c) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group (cont'd)

IAS 1 Presentation of Financial Statements (As a part of improvements made on IFRS in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the notes to the consolidated financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity.

IAS 24 *Related Party Disclosures (2009)*

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

Company and its subsidiaries are not government-related entities.

IAS 32 *(Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements*

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this natüre.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(c) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group (cont'd)

Amendments to IFRS 3 *Business Combinations*

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure').

***Improvements to IFRSs* issued in 2010**

Except for the amendments to IFRS 3 and IAS 1 described earlier in section (a), and (b), the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements

(d) 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:

Amendments to IFRS 7	*Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 12	*Deferred Taxes – Recovery of Underlying Assets*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statement*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The group management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

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

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

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

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

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

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 described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 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 returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 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 has been withdrawn upon the issuance of IFRS 11. Under IFRS 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 IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 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 IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in C Plus Limited that is currently classified as the Group's associate may become the Group's subsidiary based on the new definition of control and the related guidance in IFRS 10). In addition, the application of IFRS 11 may result in changes in the accounting of the Group's jointly controlled entity that is currently accounted for using proportionate consolidation. Under IFRS 11, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 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 IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 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

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

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

financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 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 IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will 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 to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognized in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 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 IAS 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.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

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

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

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

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

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 Konserve, the parent company, the financial statements of its Subsidiary and Associate. 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.

Subsidiaries are companies in which the Company has the power to control the financial and operating policies for the benefit of the Holding, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.

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

The table below sets out shareholding structure of the subsidiary and associate at 31 December 2011:

	Direct and indirect share of the Company	
	31 December 2011	**31 December 2010**
Subsidiary:		
Harranova Besi ve Tarım Ürünleri A.Ş. ("Harranova Besi")	%58,2	%58,2
Investment in Associate:		
Tat Tohumculuk A.Ş.	%30,0	%30,0

2.6 Summary of Significant Accounting Policies

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

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

2.6 Summary of Significant Accounting Policies (cont'd)

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 6).

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 36).

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on the moving weighted average basis. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads.Cost elements do not include borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 14).

Biological Assets

Livestock is measured at its fair value less estimated point-of-sale costs (Note 15).

Property, plant, equipment and depreciation

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

<u>Intangible assets acquired separately</u>

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

<u>Computer software</u>

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 (four to eight years).

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

2.6 Summary of Significant Accounting Policies (cont'd)

Investment Property

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Depreciation is provided on investment property on a straight line basis. The depreciation period for investment property is thirty to fourty years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Taxation and deferred tax

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.

<u>Current tax</u>

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.

<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. 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 liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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

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

2.6 Summary of Significant Accounting Policies (cont'd)

Taxation and deferred tax (cont'd)

Deferred Tax (cont'd)

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 liabilitiesand 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.

Current and deferred tax for the period

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.

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'.

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

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 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. Avaliable-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.

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

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

2.6 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

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.

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.

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

2.6 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Derivative financial instruments:

Derivative financial instruments are initially recognized in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Provision for employment 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 25).

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.

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

2.6 Summary of Significant Accounting Policies (cont'd)

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognized in the statement of income / (loss) in the period in which they are incurred.

Revenue Recognition

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.

Rental income:

Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

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.

Government 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.

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

2.6 Summary of Significant Accounting Policies (cont'd)

Government grants (cont'd)

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.

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.

The milk production of Harranova Besi, the subsidiary, which represented a separate major line of business, was discontinued in 2007 (Note 34).

Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

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

2.6 Summary of Significant Accounting Policies (cont'd)

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 18 to the consolidated financial statements.

(b) Deferred income 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. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilise some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognised. As of 31 December 2010 and 31 December 2011, as a result of the assessment made, the Group has recognized deferred tax assets because it is probable that taxable profit will be available sufficient to recognize deferred tax assets.

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

2.7 Critical accounting estimates and assumptions (cont'd)

(c) Fair value of biological assets

The Group takes into account prices in market and meat exchanges together expected sales prices while estimating fair value of biological assets.

(d) Fair value of derivative instruments

Group Management, evaluates fair value of derivative instruments by estimating market values considering estimated foreing Exchange and interest rates.

NOTE 3 - BUSINESS COMBINATIONS

None. (31 December 2010: None).

NOTE 4 – JOINT VENTURES

None (31 December 2010: None).

NOTE 5 - SEGMENTAL REPORTING

Primary Segmental Reporting Method - Industrial Segments

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

- Tomato paste and canned foods
- Milk and dairy products
- Meat and meat products
- Pasta and mealy products

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 563.977.480 TL as of 31 December 2011 (31 December 2010: 518.314.11 TL).

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 5 - SEGMENTAL REPORTING(cont'd)

a) Segmental Analysis between 1 January 2011 - 31 December 2011

	Tomato paste and canned foods	**Milk and dairy products**	**Meat and meat products**	**Pasta and mealy products**	**Total**
Sales Revenue (net)	247.578.098	284.406.654	166.916.020	59.514.904	758.415.676
Cost of Sales	(187.741.919)	(231.197.380)	(151.695.083)	(51.532.330)	(622.166.712)
Gross Operating Profit	**59.836.179**	**53.209.274**	**15.220.937**	**7.982.574**	**136.248.964**
Operating Expenses					(112.218.323)
Operating Profit					**24.030.641**

Segmental Analysis between 1 January 2010 - 31 December 2010

	Tomato paste and canned foods	**Milk and dairy products**	**Meat and meat products**	**Pasta and mealy products**	**Total**
Sales Revenue (net)	218.300.307	249.001.413	271.349.011	48.244.737	786.895.468
Cost of Sales	(162.947.144)	(197.821.287)	(241.546.427)	(40.778.628)	(643.093.486)
Gross Operating Profit	**55.353.163**	**51.180.126**	**29.802.584**	**7.466.109**	**143.801.982**
Operating Expenses					(97.651.399)
Operating Profit					**46.150.583**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 5 - SEGMENTAL REPORTING (cont'd)

b) Segment Assets

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

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

As of 31 December 2011 and 31 December 2010, the recorded amounts of the segment assets according to industrial segments are as follows:

	31 December 2011	31 December 2010
Meat and meat products	50.529.406	51.929.202
Tomato paste and canned foods	78.574.065	80.770.041
Milk and dairy products	18.199.123	19.377.171
Pasta and mealy products	4.002.746	2.224.611
Assets not allocated to the segments	5.411.968	6.364.075
	156.717.308	**160.665.100**

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 expense, amortization and investment expenditures

Depreciation and amortization of the industrial segment assets for the years ended 31 December 2011 and 31 December 2010 are as follows:

	1 January-31 December 2011	1 January-31 December 2010
Meat and meat products	3.853.750	4.382.750
Tomato paste and canned foods	8.730.986	8.443.830
Milk and dairy products	2.467.342	2.335.577
Pasta and mealy products	351.748	338.996
Depreciation and amortization not allocated to the segments	172.734	316.296
	15.576.560	**15.817.449**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 5 - SEGMENTAL REPORTING (cont'd)

For the years ended 31 December 2011 and 31 December 2010, investment expenditures for the industrial segment assets are as follows:

	1 January-31 December 2011	1 January-31 December 2010
Meat and meat products	2.335.264	4.152.112
Tomato paste and canned foods	5.290.208	10.653.667
Milk and dairy products	6.648.067	3.380.451
Pasta and mealy products	565.694	175.175
Investment expenditure not allocated to the segments	707.070	250.882
	15.546.303	**18.612.287**

NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2011 and 31 December 2010, cash and cash equivalents comprised the following:

	31 December 2011	31 December 2010
Cash on hand	7.452	7.840
Banks	12.840.421	7.011.766
- Time deposit - TL	3.080.000	1.050.000
- Demand Deposit - TL	80.329	140.197
- Time deposit - foreign currency	6.828.374	5.658.360
- Demand deposit - foreign currency	2.851.718	163.209
Other	344	100
	12.848.217	**7.019.706**

Nature and level of risks associated with Cash and Cash Equivalents have been explained in Note – 37.

Cash and cash equivalents amounted to 106.692 TL have been reclassified in "Other Current Assets" as they have been restricted for continuing operations and fulfilling obligations of the Group. (2010: 69.173 TL)

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2011 and 31 December 2010, fair values of derivative financial instruments comprised the following:

	31 December 2011		31 December 2010	
	Asset	**Liability**	**Asset**	**Liability**
Cross Swp Agreements	2.009.599	-	-	1.235.448
Foreign Currency exchange with maturitie	-	-	309.900	-
	2.009.599	-	309.900	1.235.448

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 8 – FINANCIAL INVESTMENTS

As of 31 December 2011 and 31 December 2010, financial investments comprised the following:

Short Term Financial Investments	31 December 2011	31 December 2010
Time Deposits		
Time deposits with maturities longer than 3 months	23.336.577	-
	23.336.577	-

In current period, time deposits include income accrual amounted 103.117 TL (31 December 2010: None)

Long Term Financial Investments	%	31 December 2011	%	31 December 2010
Available for sale financial investments				
Ram Dış Ticaret A.Ş. (*)	7,5	1.523.180	7,5	1.523.180
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. (**)	1,1	544.641	1,1	544.641
Other (**)		7.733		7.733
		2.075.554		**2.075.554**

Group has booked provision for Alaşehir Alkollü İçkiler Sanayi ve Ticaret A.Ş.'nin (formerly; Tariş-Tat Alkollü İçkiler A.Ş.) amounted to 14.708.000 TL which is the cost value (31 December 2010: 14.708.000 TL)

NOTE 9 – FINANCIAL BORROWINGS

The financial borrowings at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Short term bank borrowings	25.788.097	7.723.039
Current maturities of long term borrowings	57.457.411	116.351.797
Total short term financial borrowings	**83.245.508**	**124.074.836**
Long term borrowings	198.376.934	128.903.596
Total long term financial borrowings	**198.376.934**	**128.903.596**
	281.622.442	**252.978.432**

In order to be used by Koç Group companies, part of the financial borrowing which is included in the contract signed with consortium (that composed of Koç Holding A.Ş. and financial institutions), amounting to, 29.793.496 USD is obtained by the Group as sub debtor (31 December 2010: USD 29.729.628)

Group does not have any pledges or mortgages given as collateral for its financial borrowings. (31 December 2010: None)

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 9 – FINANCIAL BORROWINGS (cont'd)

The details of financial borrowings as of 31 December 2011 and 31 December 2010 are as follows:

Short term financial borrowings	**Effective interest rate**	**Original amount**	**31 December 2011**
TL borrowings	8,48%	25.788.097	25.788.097
			25.788.097
Current maturities of long term borrowings			
USD borrowings	3,86%	8.145.945	15.386.876
TL borrowings	9,23%	42.070.535	42.070.535
			57.457.411
Long term financial borrowings			
USD borrowings	2,77%	29.793.496	56.276.934
TL borrowings	11,05%	142.100.000	142.100.000
			198.376.934

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

Short term financial borrowings	**Effective interest rate**	**Original amount**	**31 December 2010**
TL borrowings	6,70%	7.723.039	7.723.039
			7.723.039
Current maturities of long term borrowings			
USD borrowings	3,80%	23.672.031	36.596.960
TL borrowings	9,98%	79.754.837	79.754.837
			116.351.797
Long term financial borrowings			
USD borrowings	3,67%	37.729.628	58.330.005
TL borrowings	8,84%	70.573.591	70.573.591
			128.903.596

The redemption schedule of the long-term borrowings in terms of TL at 31 December 2011 of is as follows:

	TL Borrowing	**USD TL Equivalent**
2013	102.766.667	56.276.934
2014	39.333.333	-
	142.100.000	**56.276.934**

The redemption schedule of the long-term borrowings in terms of TL at 31 December 2010 of is as follows:

	TL Borrowing	**USD TL Equivalent**
2012	58.573.591	12.368.000
2013	6.000.000	45.962.005
2014	6.000.000	-
	70.573.591	**58.330.005**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 10 – OTHER FINANCIAL BORROWINGS

None (31 December 2010: None).

NOTE 11 - TRADE RECEIVABLES AND TRADE PAYABLES

The analysis of trade receivables and trade payables at 31 December 2011 and 31 December 2010 is as follows:

	31 December 2011	31 December 2010
Trade Receivables:		
Trade receivables	26.468.023	18.064.819
Cheques and notes	44.129.218	30.898.929
Provision for doubtfull receivables	(2.364.677)	(2.384.951)
	68.232.564	**46.578.797**

Movement of allowance for doubtful receivables of the Group for the period ended 31 December 2011 and 31 December 2010 is as follows

	1 January - 31 December 2011	1 January - 31 December 2010
Opening Balance	(2.384.951)	(2.351.746)
Current year charge	(140.802)	(53.205)
Collections	161.076	20.000
	(2.364.677)	**(2.384.951)**

The explanations related to nature and level of risks at trade receivables are explained at note 37.

As of 31 December 2011 and 31 December 2010, the details of trade payables are as follows:

	31 December 2011	31 December 2010
Trade payables:		
Domestic Suppliers	56.425.331	44.444.899
Foreign Suppliers	382.953	312.304
	56.808.284	**44.757.203**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 12 – OTHER RECEIVABLES AND PAYABLES

As of 31 December 2011 and 31 December 2010, the details of other trade receivables are as follows:

	31 December 2011	**31 December 2010**
Other short term trade receivables:		
Other receivables	43.999	75.712
	43.999	**75.712**

	31 December 2011	**31 December 2010**
Other long term receivables:		
Deposits and guarantees given	75.997	75.899
	75.997	**75.899**

NOTE 13 – RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (2010: None).

NOTE 14 - INVENTORIES

As of 31 December 2011 and 31 December 2010, the details of inventories are as follows:

	31 December 2011	**31 December 2010**
Raw material	51.899.243	48.912.534
Work -in process	1.055.942	2.737.527
Finished goods	100.121.197	97.811.479
- Tomato sauce and canned foods	87.604.880	84.315.210
- Milk and dairy products	7.638.560	7.343.297
- Meat and meat products	2.159.595	4.046.075
- Macaroni and mealy products	2.718.162	2.106.897
Other Inventories	1.692	234.582
	153.078.074	**149.696.122**

There is not any allowence on dimunination value on inventories (31 December 2010: None)

NOTE 15 - BIOLOGICAL ASSETS

The biological assets at 31 December 2011 and 31 December 2010 as follows:

	2011	**2010**
Biological assets	31.354.180	42.849.540
	31.354.180	**42.849.540**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 15 - BIOLOGICAL ASSETS (cont'd)

The movements in the carrying value of biological assets in the period ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Opening balance	42.849.540	37.709.723
Increase due to purchases	59.892.675	100.633.203
(Decrease)/Increase in fair value	(2.691.680)	(1.780.150)
Decrease attributable to sales	(68.696.355)	(93.713.236)
	31.354.180	**42.849.540**

NOTE 16 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

None (31 December 2010: None).

NOTE 17 – EQUITY INVESTMENTS

As of 31 December 2011 and 31 December 2010, the details of investments valued by equity pick up method are as follows:

		Share in Capital (%)		
Participations	Location	31 December 2011	31 December 2010	Main operations
Tat Tohumculuk	İstanbul	30%	30%	Seed Production

	31 December 2011	31 December 2010
Total Assets	24.499.758	20.745.620
Total Liabilities	(3.094.441)	(1.961.047)
Net Assets	21.405.317	18.784.573
Group's share in participations's net assets	6.421.595	5.635.372

	1 January-31 December 2011	1 January-31 December 2010
Revenue	13.820.842	10.444.470
Period Inccome	3.270.743	2.424.863
Group's share in participation's net profit	981.223	727.459

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 18 – INVESTMENT PROPERTY

No investment Property exists in current period.

As of 31 December 2010, the details of investment property are as follows:

	Buildings
Cost Value	
Opening Value 1 January 2010	8.157.776
Disposals	(8.157.776)
Closing balance 31 December 2010	-
Accumulated Depreciation	
Opening Value 1 January 2010	5.183.492
Charge for the period	60.906
Disposals	(5.244.398)
Closing balance 31 December 2010	-
Carrying amount 31 December 2010	-

The fair value of the investment properties in Yenişehir/Bursa was 8.035.606 TL according to valuation report made by Vakıf Gayrimenkul Değerleme A.Ş. in April 2010. Investment properties are sold to a third party on 5 April 2010 for a consideration of 8.050.000 TL.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant, equipment and their accumulated depreciation for the period ended 31 December 2011 and 31 December 2010 are as follows:

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Cost:					
Land	9.045.994	-	(720.560)	-	8.325.434
Land improvements	17.206.133	147.519	(432.322)	205.744	17.127.074
Buildings	104.600.775	739.635	(5.444.628)	375.443	100.271.225
Machinery and equipment	391.658.517	10.543.107	(4.265.745)	-	397.935.879
Vehicles	7.888.688	418.508	(317.770)	-	7.989.426
Furniture and fixture	51.319.542	1.783.092	(138.252)	-	52.964.382
Leasehold improvements	8.162.878	-	-	-	8.162.878
Construction in progress	237.070	1.256.309	-	(581.187)	912.192
	590.119.597	**14.888.170**	**(11.319.277)**	**-**	**593.688.490**
Accumulated Depreciation:					
Land improvements	6.450.290	2.453.374	(116.702)	-	8.786.962
Buildings	48.694.747	2.389.847	(2.998.166)	-	48.086.428
Machinery and equipment	329.490.438	7.470.659	(4.064.624)	-	332.896.473
Vehicles	2.408.846	525.738	(172.059)	-	2.762.525
Furnitures and fixtures	34.774.997	2.362.920	(50.191)	-	37.087.726
Leasehold improvements	8.103.368	121.382	-	-	8.224.750
	429.922.686	**15.323.920**	**(7.401.742)**	**-**	**437.844.864**
Net book values	**160.196.911**				**155.843.626**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost:					
Land	9.045.994	-	-	-	9.045.994
Land improvements	12.895.456	1.093.686	-	3.216.991	17.206.133
Buildings	103.577.231	685.723	(204.862)	542.683	104.600.775
Machinery and equipment	396.368.336	6.630.421	(11.960.736)	620.496	391.658.517
Vehicles	5.629.579	2.334.005	(74.896)	-	7.888.688
Furniture and fixture	50.221.683	3.861.388	(2.786.104)	22.575	51.319.542
Leasehold improvements	8.109.184	53.694	-	-	8.162.878
Construction in progress	1.113.246	3.642.239	(115.670)	(4.402.745)	237.070
	586.960.709	**18.301.156**	**(15.142.268)**	**-**	**590.119.597**
Accumulated Depreciation:					
Land improvements	4.385.701	2.064.589	-	-	6.450.290
Buildings	46.360.740	2.514.285	(180.278)	-	48.694.747
Machinery and equipment	333.039.480	8.028.672	(11.577.714)	-	329.490.438
Vehicles	1.983.411	488.897	(63.462)	-	2.408.846
Furnitures and fixtures	35.176.611	2.341.810	(2.743.424)	-	34.774.997
Leasehold improvements	8.091.535	11.833	-	-	8.103.368
	429.037.478	**15.450.086**	**(14.564.878)**	**-**	**429.922.686**
Net book values	**157.923.231**				**160.196.911**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT(cont'd)

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

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

11.365.865 TL of amortization expenses has been included in Cost of sales (2010: 11.070.81 TL), 607.229 TL in General Administrative Expenses (2010: 454.192 TL), 181.688 TL in idle capacity expenses and loses (2010: 748.471TL), and 3.169.138 TL in inventories (2010: 3.177.342 TL'si)

The Group has signed a real estate marketing contract with Resco Taşınmaz Yatırımcılığı ve Danışmanlık Hizmetleri A.Ş. " Colliers International Türkiye" ve Kuzeybatı Gayrimenkul Hizmetleri Danışmanlık Ticaret A.Ş. for the sale of real estate in İstanbul, Tuzla district , located in district Tepeören with the net book value of TL 5.414.871 and 175 thousand m2

NOTE 20 – INTANGIBLE ASSETS

As of 31 December 2011 and 31 December 2010, 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 2011	Additions	31 December 2011
Cost	22.264.482	658.133	22.922.615
Accumulated Amortization	(21.796.293)	(252.640)	(22.048.933)
Net Book Value	**468.189**		**873.682**

	1 January 2010	Additions	31 December 2010
Cost	21.953.351	311.131	22.264.482
Accumulated Amortization	(21.489.836)	(306.457)	(21.796.293)
Net Book Value	**463.515**		**468.189**

Total of amortization expenses amounted to 252.640 TL are included in general administrative expenses (2010: 306.457 TL)

NOTE 21 - GOODWILL

None (31 December 2010: None).

NOTE 22 - 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.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 22 - GOVERNMENT INCENTIVES AND GRANTS (cont'd)

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

NOTE 23 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

As of 31 December 2011 and 31 December 2010 the detail of provisions are as follows:

	31 December 2011	31 December 2010
Lawsuit provision	334.000	537.657
	334.000	**537.657**

As of 31 December 2011 and 31 December 2010 the movement of provisions are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Opening Balance	537.657	580.642
Provisions set in current period	176.343	-
Provisions no longer required(*)	(380.000)	(42.985)
	334.000	**537.657**

(*)In 2011,the Group has decided to apply the tax amnesty under Law No. 6111. As a result of negotiations with the tax office, the Group has reversed the the case provision amounting to TL 260.000 from the previous periods. In addition, other provisions in the current year amounting to TL 120.000 has been reversed.

b) Contingent Assets and Liabilities

None (31 December 2010: None).

NOTE 24 – COMMITMENTS

Group has miscellaneous borrowings that guarantee letters given to customs and agriculture enterprises which are amounting to 31.880.650 TL (31 December 2010: 33.596.160 TL)

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

	31 December 2011	31 December 2010
A. On the behalf of legal entity	31.880.650	33.596.160
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	-	-
	31.880.650	**33.596.160**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 24 – COMMITMENTS (cont'd)

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 2011 is 0% (31 December 2010, 0%)

NOTE 25 – EMPLOYEE BENEFITS

Short-Term Provisions for Benefits Provided to Employees

	31 December 2011	31 December 2010
Wages payable	2.148.310	2.064.819
Unused vacation pay liability	350.613	385.288
Accrual for	107.832	-
	2.606.755	**2.450.107**

Long-Term Provisions for Benefits Provided to Employees

Retirement Pay Provision

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 2.731,85 TL for each period of service at 31 December 2011 (31 December 2010: 2.517,01 TL)

The provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of 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 2011, 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% and a discount rate of 8,85%, resulting in a real discount rate of approximately 4,66% (31 December 2010: 4,66%).

As the maximum liability is revised semi annually, the maximum amount of 2.731,85 TL effective from 31 December 2011 is taken into consideration in the calculation of provision from employment termination benefits

The retirement pay obligation is not subject to any funding legally. Retirement pay provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees

Below is the movement of employment termination provision as of 31 December 2011 and 2010:

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 25 – EMPLOYEE BENEFITS (cont'd)

	31 December 2011	31 December 2010
Opening Balance	8.569.118	8.090.795
Service Cost	3.573.409	1.276.214
Interest Cost	399.511	478.654
Actuarial Gain / (Loss)	-	551.156
Paid in the period	(2.392.782)	(1.827.701)
	10.149.256	**8.569.118**

Total of the expense has been included in general administrative expenses.

NOTE 26 - RETIREMENT PLANS

None (31 December 2010: None)

NOTE 27 – OTHER ASSETS AND LIABILITIES

As of 31 December 2011 and 31 December 2010, the details of current/non-current assets and short-term/long-term liabilities are as follows:

	31 December 2011	31 December 2010
Other current assets:		
Value added taxes deductable	21,106,144	14,507,304
Export return receivable	6,780,389	4,365,631
Governmet benefit premiums	1,855,813	1,281,723
Prepaid expenses	2,727,919	2,488,629
Advances given	2,329,595	757,919
Other value added taxes	1,304,293	541,310
Prepaid taxes and funds	1,064,913	814,225
Other	429,954	62,490
	37,599,020	**24,819,231**
control	-	-

	31 December 2011	31 December 2010
Other non-current assets:		
Prepaid expenses-long term	722,254	2,001,080
Advances given	23,409	323,813
	745,663	**2,324,893**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 27 – OTHER ASSETS AND LIABILITIES (cont'd)

	31 December 2011	31 December 2010
Other short-term Liabilities		
Advances received	1.787.608	897.649
Accrual for sales deductions	1.509.947	2.135.009
Acrrual for other sales expenses	855.381	-
Social security premium payables	666.092	301.940
Taxed and funds payable	495.235	-
Other payables	235.270	29.500
Provison for other benefits and services received	172.022	-
Other liabilities	90.626	71.430
Other	-	2.598
	5.812.181	**3.438.126**

NOTE 28 - SHARE CAPITAL

a) Paid-in Capital

At 31 December 2011 and 31 December 2010, the Company's share capital and shareholding structure were as follows:

	%	31 December 2011	%	31 December 2010
Koç Holding A.Ş.	43,7	59.364.947	43,7	59.364.947
Halka açık	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 Pair in Capital	**100,0**	**136.000.000**	**100,0**	**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 2011 consists of 13.600.000.000 number of shares and there is no preferred stock (2010: 13.600.000.000 number of shares).

b) Revaluation Fund

Revaluation Fund on Financial Assets:

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 calculated over profit consists 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

NOTE 28 - SHARE CAPITAL (cont'd)

c) Restricted Reserves (cont'd)

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.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums",

"Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

-"Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;

-"Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital

The Group's extraordinary reserve reclassed to accumulated profit is 52.663.154 TL as of 31 December 2011 (31 December 2010: 52.663.154 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

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 28 - SHARE CAPITAL (cont'd)

Non-controlling Interests

The Group's minority interests come from Harranova and as of balance sheet date amounting to 6.360.660 TL loss (31December 2011: 1.397.846 TL profit).

	31 December 2011	**31 December 2010**
Opening value	48.685.025	30.547.179
Current year profit attributable to non-controlling interests	(6.360.660)	1.397.846
Increase in Harranova Share Capital	-	16.740.000
	42.324.365	**48.685.025**

NOTE 29 – SALES AND COST OF GOODS SOLD

For the years ended 31 December 2011 and 2010, the details of operating income and cost of goods sold are as follows:

	1 January- 31 December 2011	**1 January- 31 December 2010**
Domestic sales	784.598.495	833.259.042
Foreign sales	73.006.312	48.903.156
Rebates and sales discounts	(99.189.131)	(95.266.730)
Total operating revenue	**758.415.676**	**786.895.468**
Raw material costs	(526.155.069)	(566.716.680)
Labor costs	(18.032.022)	(17.585.600)
General production overheads	(64.559.209)	(59.587.608)
Amortisation and depreciation costs	(11.356.865)	(11.070.081)
Change in fair value of biological assets	(2.691.680)	(1.780.150)
Changes in inventories	628.133	13.646.633
Cost of sales	**(622.166.712)**	**(643.093.486)**
Gross operating income	**136.248.964**	**143.801.982**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 30- NATURE OF EXPENSES

For the years ended 31 December 2011 and 2010, the details of operating expenses are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Marketing, selling and distribution expenses:		
Sales incentive and gondola participation expenses	(34.098.070)	(30.481.700)
Transportation and insurance expenses	(27.076.549)	(23.768.918)
Advertisement expenses	(8.554.431)	(7.125.904)
Sales support expenses	(6.000.000)	(5.898.546)
Other sales expenses	(5.028.451)	(5.002.571)
Personnel expenses	(5.430.727)	(3.934.155)
Sales promotion and commission expenses	(542.923)	(1.041.598)
Other	(786.230)	(645.307)
	(87.517.381)	**(77.898.699)**

For the years ended 31 December 2011 and 2010, the details of operating expenses are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Administrative expenses:		
Personnel expenses	(14.984.635)	(12.873.293)
Consultancy and lawsuit expenses	(3.972.920)	(2.306.024)
Employee termination benefits	(2.153.260)	(2.336.051)
Transportation and travel expenses	(1.370.959)	(1.283.474)
Repair and maintenance expenses	(1.099.354)	(1.147.928)
Taxes and duties expenses	(982.984)	(808.828)
Depreciation and amortisation expenses	(859.869)	(760.649)
Information technologies expenses	(287.531)	(294.965)
Other	(2.442.101)	(1.973.754)
	(28.153.613)	**(23.784.966)**

NOTE 31 – OTHER OPERATING INCOME/EXPENSE

For the years ended 31 December 2011 and 2010, the details of other operating gain and income are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Other operating gain and income:		
Gain on sale of property, plant and equipment	1.420.500	5.450.482
Divident income from subsidiaries	223.648	159.374
Gain from government incentives and grants	484.656	27.687
Rent income	13.640	12.020
Endorsement premium income	773.959	937.157
Cancelled provision for lawsuit	380.000	-
Cancellation of letter of guarantee	150.000	-
Provisions no longer required	161.076	-
Other	1.115.181	1.101.348
	4.722.660	**7.688.068**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 31 – OTHER OPERATING INCOME/EXPENSE (cont'd)

For the years ended 31 December 2011 and 31 December 2010, the details of other operating loss and expense are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Other operating losses and expenses:		
Depreciation expenses of idle periods	(181.688)	(748.471)
Losses from discontinued operations	(349.789)	(1.914.780)
Loss on sale of property, plant and equipment	(473.256)	(34.395)
Endorsement premium expense	(214.978)	(216.230)
Other	(41.410)	(676.982)
	(1.261.121)	**(3.590.858)**

NOTE 32 – FINANCIAL INCOME

For the years ended 31 December 2011 and 2010, the details of financial income are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Income generated from maturity differences of sales made on credit	13.162.482	10.244.593
Interest income	1.072.787	325.520
Finance income related with derivative instruments	1.868.429	285.258
	16.103.698	**10.855.371**

NOTE 33 – FINANCIAL EXPENSE

For the years ended 31 December 2011 and 2010, the details of financial expenses are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Interest expenses	(22.708.161)	(19.834.663)
Expense from maturity differences of purchases on credit	(4.331.069)	(3.916.925)
Finance expense related with derivative and forward transactions	-	(2.590.416)
Foreign exchange losses (net)	(9.114.874)	(3.924.563)
	(36.154.104)	**(30.266.567)**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 34 – NON-CURRENTASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Harranova Besi, the subsidiary of the Company, discontinued milk production business in 2007.

As of 31 December 2011, assets relating to discontinued operations comprise livestock (biological assets) and property, plant and equipment which are classified as non-current assets held for sale in the consolidated balance sheet. 103.761 TL is reclassed as "non-current assets hels for sale" as of 31 December 2010 on consolidated fianancial statements (2010: 272.258 TL). There is not ant loss reflected to consolidated financial statements from assets held for sale as of 31 December 2011.

NOTE 35 - TAX ASSETS AND LIABILITIES

Tax expenses at income statement:

	1 January- 31 December 2011	**1 January- 31 December 2011**
Current tax expense/ (income)	(1.489.253)	-
Deferred tax expense	(843.696)	(9.856.282)
Total tax expense	**(2.332.949)**	**(9.856.282)**

	31 December 2011	**31 December 2010**
Period tax liability		
Provision for Corporate Income Tax	1.489.253	-
Prepaid Taxes and Funds (-)	(1.204.148)	-
	285.105	**-**

Corporate tax:

The Group is subject to Turkish corporate taxes. Provision is recognized in the accompanying financial statements for the estimated charge based on the Group's results for the period.

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 2011 is 20% (2010: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2011 (2010: 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. The companies with special accounting periods file their tax returns between 1st-25th of fourth month after fiscal year end. 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%

NOTE 35 - TAX ASSETS AND LIABILITIES (cont'd)

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

Investment Incentives

According to the regulation, published in the 27659 numbered Official Gazeette 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 Taz 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, undeductible investment allowance due to unsufficient 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% (2010: 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 2011 and 2011 using the enacted tax rates is as follows:

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 35 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax (assets)/liabilities:	31 December 2011	31 December 2010
Carryforward tax losses	4.864.418	6.977.964
Effect of investment incentive	3.888.504	3.553.834
Provision for subsidiary impairment	2.241.600	2.241.600
Provision for employment termination benefits	2.029.851	1.713.823
Difference between tax base and carrying value of property, plant&equipment	1.003.920	1.268.809
Difference between tax base and carrying value of inventories	71.177	275.825
Provision for doubtful receivables	71.198	185.503
Provision for unused vacation	70.123	77.058
Satılmaya hazır finansal varlıklar değer artışı	(25.909)	(25.909)
Fair value of derivative instruments	(2.847)	38.094
Difference between tax base and fair value of biological assets	(440.667)	(987.416)
Provision for deferred tax	(2.241.600)	(2.241.600)
Other	310.701	(393.420)
	11.840.469	**12.684.165**

Deferred Tax (cont'd)

As of 31 December 2011, the Group accounted for deferred income tax assets over carry forward tax losses of, 24.322.090 TL (2010: 34.889.820 TL) and the Gruup recorded deferred tax assets at amount of 4.864.418 TL (2010: 6.977.964 TL. Management plans to utilize carry forward tax losses through the future taxable profits.

In the current period, there is an increase in tax base under the law numbered 6111. 50 % of losses related to the tax base increase in the relavant years ,is not deducted from 2010 and subsequent years corporate profits. This decline has caused financial losses to be deducted.

The Group has investment incentives with withholding tax, amounting to 16.421.418 TL and without withholding tax, amounting to 21.924.608 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 to16.421.418 TL.

Expiration schedule of carryforward tax losses is as follows:

	31 December 2011	31 December 2010
2011	-	7.272.260
2012	-	16.627.106
2013	8.313.552	1.796.665
2014	881.355	9.193.789
2015	-	-
2016	15.127.183	-
	24.322.090	**34.889.820**

Movement of the deferred tax for the years ended 31 December 2011 and 31 December 2010 is as follows:

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 35 - TAX ASSETS AND LIABILITIES (cont'd)

Movement of deferred tax (asset)/liability:	31 December 2011	31 December 2010
Opening balance	12.684.165	22.540.447
Deferred tax expense	(843.696)	(9.856.282)
Closing balance	**11.840.469**	**12.684.165**

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

Tax provision reconciliation:	1 January- 31 December 2011	1 January- 31 December 2010
Profit/(loss) from continuing operations before tax	4.961.458	27.466.846
	20%	20%
Tax at the domestic %20 (2010: %20)	992.292	5.493.369
Tax effects of:		
-Investment incentive without witholding tax	(831.088)	-
-Revenue that is exempt from taxation	(1.067.617)	-
-Expenses that are not deductible in determining taxable profit	142.173	157.649
- Previously recognised and unused tax losses	3.293.433	4.241.556
- Revenue generated from equity investment transactions	(196.244)	(36.292)
Tax provision expense at income statement	2.332.949	9.856.282

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 36 – RELATED PARTY TRANSACTIONS

i) For the years ended 31 December 2011 and 31 December 2010, the details of related party balances are as follows:

a) Deposits at banks:

	31 December 2011	31 December 2010
Yapı ve Kredi Bankası A.Ş.	30.758.562	181.908
	30.758.562	**181.908**

b) Loans from related parties:

	31 December 2011	31 December 2010
Yapı ve Kredi Bankası A.Ş.	40.000.000	45.693.361
	40.000.000	**45.693.361**

c) Due from related parties:

	31 December 2011	31 December 2010
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	95.618.349	100.546.675
Sumitomo Corporation	2.981.947	278.477
Other	850.126	398.162
	99.450.422	**101.223.314**

d) Due to related parties:

	31 December 2011	31 December 2010
Zer Merkezi Hizmetler ve Ticaret A.Ş.	6.723.160	6.059.229
Sumitomo Corporation	3.500.214	1.483.275
Koç Holding A.Ş.	750.305	157.049
Otokoç Otomotiv Tic.ve San.A.Ş.	518.497	487.666
Temel Ticaret ve Yatırım A.Ş	434.322	169.959
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	89.665	110.688
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	81.889	352.902
Other	383.260	313.549
	12.481.312	**9.134.317**

(*)This amount represents accrued premium amount as of 31 December 2011 which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 36 – RELATED PARTY TRANSACTIONS (cont'd)

ii) For the years ended 31 December 2011 and 2010, 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 2011	1 January- 31 December 2010
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. (*)	563.977.480	518.314.118
Sumitomo Corporation	16.755.415	13.516.118
Türkiye Petrol Rafineleri A.Ş.	1.602.370	1.345.061
Palmira Turizm Ticaret A.Ş.	792.454	453.650
Other	703.991	151.104
	583.831.710	**533.780.051**

(*)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. Average maturity for the sales to Düzey Tüketim Malları Sanayi Pazarlama A.Ş. is 65 days.

b) Purchases from related parties:

	1 January- 31 December 2011	1 January- 31 December 2010
Zer Merkezi Hizmetler ve Ticaret A.Ş.	9.577.948	7.791.040
Ram Dış Ticaret A.Ş.	3.002.882	17.228
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.702.995	2.099.813
Tat Tohumculuk A.Ş.	1.328.957	632.532
Opet Petrolcülük A.Ş.	465.801	484.201
Otokoç Otomotiv Tic. Ve San. A.Ş.	430.583	756.710
Aygaz A.Ş.	161.640	167.925
Koçtaş Yapı Marketleri Ticaret A.Ş.	17.015	187.527
Türk Traktör ve Ziraat Makinaları A.Ş.	-	1.451.115
	16.687.821	**13.588.091**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 36 – RELATED PARTY TRANSACTIONS (cont'd)

ii) For the years ended 31 December 2011 and 2010, the details of significant sales to related parties and purchases from related parties are as follows:

c) Services obtained from related parties:

	1 January- 31 December 2011	1 January- 31 December 2010
Zer Merkezi Hizmetler ve Ticaret A.Ş.	11.788.182	11.601.648
Koç Holding A.Ş.	1.272.476	945.177
Temel Ticaret ve Yatırım A.Ş.	823.043	699.492
Opet Petrolcülük A.Ş.	771.358	599.464
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	599.476	1.386.754
Setur Servis Turistik A.Ş.	438.005	429.556
Koç Sistem A.Ş.	389.273	422.674
Otokoç Otomotiv Tic. ve San. A.Ş.	384.077	359.065
Koçnet Haberleşme Teknoloji ve İletişim Hiz. A.Ş. (**)	211.182	213.644
Aygaz A.Ş.	56.060	1.541.988
Eltek Elektrik Enerjisi İth.İhc.ve Toptan Tic.A.Ş.	-	3.027.906
Other	133.740	433.988
	16.866.872	**21.661.356**

*Amount represents accrued premium amount as of 31 December 2011 which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

**Koçnet Haberleşme Teknik İletişim Hizmetleri A.Ş. has been sold to a third party on 30 November 2011. Transactions has been recorded as related party transactions until 30 November 2011..

iii) For the years ended 31 December 2011 and 2010, the details of financial expenses to related parties are as follows:

a) Interest expenses:

	1 January- 31 December 2011	1 January- 31 December 2010
Yapı ve Kredi Bankası A.Ş.	4.726.443	3.699.352
Yapı Kredi Faktoring A.Ş.	-	547.238
	4.726.443	**4.246.590**

iv) For the years ended 31 December 2010 and 2009, the details of other income and expenses from/ to related parties are as follows:

a) Rent expense:

	1 January- 31 December 2011	1 January- 31 December 2010
Temel Ticaret ve Yatırım A.Ş.	353.195	288.531
	353.195	**288.531**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 36 – RELATED PARTY TRANSACTIONS (cont'd)

iv) For the years ended 31 December 2011 and 2010, the details of other income and expenses from/ to related parties are as follows:

b) Payments to key management:

	1 January- 31 December 2011	1 January- 31 December 2010
Wages and short term benefits	8.315.550	4.717.559
	8.315.550	**4.717.559**

v) For the years ended 31 December 2011 and 2010, the details of derivative transactions done with related parties are as follows:

a) Exchange and interest rate swap agreements:

31 December 2011	Swapped amount USD	Swapped amount TL	Interest rate on agreement
Yapı ve Kredi Bankası A.Ş.	6.750.000	10.370.000	12-12,1%

31 December 2010	Swapped amount USD	Swapped amount TL	Interest rate on agreement
Yapı ve Kredi Bankası A.Ş.	20.250.000	31.110.000	12-12,1%

b) Foreign currency forward and call options

No foreign currency forward and call options exist in current period

31 December 2010

	Transaction Date	**Maturity**	**Amount in USD**
Yapı ve Kredi Bankası A.Ş.	28 September 2010	18 January 2011	1,250,000
Garanti Bankası A.Ş.	8 September 2010	15 July 2011	1,300,000
Garanti Bankası A.Ş.	8 October 2010	9 August 2011	850,000

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

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 of 31 December 2011 and 31 December 2010, equity/total liability rate is as follows:

	31 December 2011	31 December 2010
Total Liabilities	350.912.038	306.869.952
Less:Cash and Cash equivalents (Note 6)	(12.848.217)	(7.019.706)
Net Debt	338.063.821	299.850.246
Shareholders' Equity	235.833.664	233.205.155
Debt Capital Ratio	143%	129%

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.

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (cont'd)

There is 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 expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (cont'd)

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

Credit Risk of Financial Instruments

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2011	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivative Instruments	Other
Maximum net credit risk as of balance sheet date	99.450.422	68.232.564	-	43.999	12.840.421	2.009.599	-
-The part of maximum risk under guarantee with collateral etc.	-	20.760.781	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	99.450.422	57.778.882	-	43.999	-	-	-
B. Net book value of financial assets thar are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	10.453.682	-	-	-	-	-
-The part under guarantee with collateral etc	-	10.453.682	-	-	-	-	-
D. Net book value of impaired assets						-	-
-Past due (gross carrying amount)	-	2.364.677	-	-	-	-	-
- Impairment (-)	-	(2.364.677)	-	-	-	-	-
- 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.	-	-	-	-	-	-	-
E.Off-balances sheet items with credit risk	-	-	-	-	-	-	-

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (cont'd)

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

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2010	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Derivative Instruments**	**Other**
Maximum net credit risk as of balance sheet date	101.223.314	46.578.797	-	75.712	7.011.766	309.900	-
-The part of maximum risk under guarantee with collateral etc.	-	25.670.558	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	101.223.314	40.085.774	-	75.712	-	-	-
B. Net book value of financial assets thar are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	6.493.023	-	-	-	-	-
-The part under guarantee with collateral etc	-	5.593.386	-	-	-	-	-
D. Net book value of impaired assets						-	-
-Past due (gross carrying amount)	-	2.384.951	-	-	-	-	-
- Impairment (-)	-	(2.384.951)	-	-	-	-	-
- 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.	-	-	-	-	-	-	-
E.Off-balances sheet items with credit risk	-	-	-	-	-	-	-

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (cont'd)

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

The aging of the past due receivables are as follows:

	Receivables					
31 December 2011	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	4.231.245	-	-	-	-	4.231.245
Past due 1-3 months	5.680.079	-	-	-	-	5.680.079
Past due 3-12 months	542.358	-	-	-	-	542.358
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	10.453.682	-	-	-	-	10.453.682
The part under guarantee with collateral	10.453.682	-	-	-	-	10.453.682

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (cont'd)

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

	Receivables					
31 December 2010	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	1.422.598	-	-	-	-	1.422.598
Past due 1-3 months	4.820.318	-	-	-	-	4.820.318
Past due 3-12 months	250.107	-	-	-	-	250.107
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	6.493.023	-	-	-	-	6.493.023
The part under guarantee with collateral	5.593.386	-	-	-	-	5.593.386

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk (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 2011	31 December 2010
The part under guarantee wtih collateral	10.453.682	5.593.386

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.

31 December 2011

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	281.622.442	296.071.021	41.168.046	52.434.280	202.468.695	-
Trade payables	56.808.284	56.808.284	56.808.284	-	-	-
Payables to related parties	12.481.312	12.481.312	12.481.312	-	-	-
Total liabilities	350.912.038	365.360.617	110.457.642	52.434.280	202.468.695	-

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

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

31 December 2010

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	252.978.432	272.901.709	12.125.060	64.809.961	195.966.688	-
Trade payables	44.757.203	44.757.203	44.757.203	-	-	-
Other Liabilities	9.134.317	9.134.317	9.134.317	-	-	-
Total liabilities	306.869.952	326.793.229	66.016.580	64.809.961	195.966.688	-

31 December 2011

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)
Derivatives financial liabilities						
Derivative cash outflow	(10.370.000)	(12.750.075)	(12.750.075)	-	-	-

31 December 2010

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)
Derivatives financial liabilities						
Derivative cash outflow	(31.110.000)	(36.562.900)	(36.562.900)	-	-	-

(*) Represents clearing amounts.

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

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 expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.4) Foreign Currency Risk Management (cont'd)

31 December 2011

	Total TL Equivalent	USD TL Equivalent	Euro TL Equivalent	Other TL Equivalent
1. Trade Receivables	8.269.643	4.113.644	204.346	-
2.a Monetary financial assets	33.016.669	17.479.310	-	-
2.b Non-monetary financial assets	-	-	-	-
3. Other	6.741.312	3.568.909	-	-
4. CURRENT ASSETS	48.027.624	25.161.863	204.346	-
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	48.027.624	25.161.863	204.346	-
10. Trade Payables	(1.768.007)	(604.704)	(256.069)	-
11. Financial Liabilities	(15.386.876)	(8.145.945)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	(17.154.883)	(8.750.649)	(256.069)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(56.276.934)	(29.793.496)	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	(56.276.934)	(29.793.496)	-	-
18. TOTAL LIABILITIES	(73.431.817)	(38.544.145)	(256.069)	-
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	12.750.075	6.750.000	-	-
19.a Off-balance sheet foreign currency derivative assets	12.750.075	6.750.000	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	(12.654.118)	(6.632.282)	(51.723)	-
21. Net foreign currency asset/ liability position of non monetary items (1+2a+6a-10-11-12a-14-15-16a)	(32.145.505)	(16.951.191)	(51.723)	-
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	73.006.312	43.712.334	-	-
25. Import	16.525.104	7.121.131	1.257.877	-

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.4) Foreign Currency Risk Management (cont'd)

31 December 2010

	Total TL Equivalent	USD TL Equivalent	Euro TL Equivalent	Other TL Equivalent
1. Trade Receivables	4.281.890	2.769.657	-	-
2.a Monetary financial assets	5.821.566	3.697.981	50.992	-
2.b Non-monetary financial assets	-	-	-	-
3. Other	3.584.398	2.318.498	-	-
4. CURRENT ASSETS	13.687.854	8.786.136	50.992	-
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	13.687.854	8.786.136	50.992	-
10. Trade Payables	(4.193.946)	(1.941.937)	(581.578)	-
11. Financial Liabilities	(36.596.960)	(23.672.031)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	(40.790.906)	(25.613.968)	(581.578)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(58.330.005)	(37.729.628)	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	(58.330.005)	(37.729.628)	-	-
18. TOTAL LIABILITIES	(99.120.911)	(63.343.596)	(581.578)	-
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	36.562.900	23.650.000	-	-
19.a Off-balance sheet foreign currency derivative assets	36.562.900	23.650.000	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	(48.870.157)	(30.907.460)	(530.586)	-
21. Net foreign currency asset/ liability position of non monetary items (1+2a+6a-10-11-12a-14-15-16a)	(89.017.455)	(56.875.958)	(530.586)	-
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	48.903.196	31.632.080	-	-
25. Import	16.079.085	8.412.086	1.500.171	-

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors(cont'd)

Foreign currency sensitivity

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

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

Foreign currency sensitivity

	31 December 2011	
	Profit/ Loss	
	Appreciation of Foreign currency	Devaluation of foreign currency
In the case of appreciation of US Dollar at 10 % ratio compared to TL		
1 - US Dollar net asset/liability	(1.252.771)	1.252.771
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect	(1.252.771)	1.252.771
In the case of appreciation of EURO Dollar at 10 % ratio compared to TL		
4 - Euro net asset/liability	(12.639)	12.639
5 - Part of hedged from EURO risk (-)	-	-
6- Euro net effect	(12.639)	12.639
TOTAL	**(1.265.410)**	**1.265.410**

	31 December 2010	
	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	(4.778.293)	4.778.293
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect	(4.778.293)	4.778.293
In the case of appreciation of EURO Dollar at 10 % ratio compared to TL		
4 - Euro net asset/liability	(108.723)	108.723
5 - Part of hedged from EURO risk (-)	-	-
6- Euro net effect	(108.723)	108.723
TOTAL	**(4.887.016)**	**4.887.016**

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (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.

The table below shows the details of the outstanding contracts.

31 December 2010

	Average FX Rate	Foreign Currency	Agreement Value	Fair Value
Unrealized purchase/sale contracts:	TL	USD	TL	TL
US Dollar Purchase				
Less than 3 months	1,4865	1.250.000	1.858.125	78.347
6-9 months	1,5047	2.150.000	3.235.105	231.553
			5.093.230	309.900

Group's foreign currency purchase/sale contracts' nominal values of agreements and remaining maturities as of balance sheet date are as follows:

31 December 2011

Unrealized fixed payment, floating interest rate collection swap agreements	Nominal Amount of the loan US Dollars	Swapped amount TL	Floating Interest rate of the loan US Dollars	Fixed Interest rate of the agreement TL	Fair Value TL
Less than 1 year	6.750.000	10.370.000	Libor+3,45%	12%-12,1%	2.009.599

31 December 2010

Unrealized fixed payment, floating interest rate collection swap agreements	Nominal Amount of the loan US Dollars	Swapped amount TL	Floating Interest rate of the loan US Dollars	Fixed Interest rate of the agreement TL	Fair Value TL
Less than 1 year	13.500.000	20.740.000	Libor+3,45%	12%-12,1%	(823.632)
More than 1 year	6.750.000	10.370.000	Libor+3,45%	12%-12,1%	(411.816)

NOTE 37 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors(cont'd)

Exchange and interest rate clearing agreement:

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 contr acts. 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 postion and interest payments with different interest rates.

The following sensitivity analysis ,is determined on a basis,exposed to interest rate risks of non derivative instruments in the reporting period. Balance at the end of the year, the analysis of liabilities with variable interest rates, is used assumption that the balance has been used all year round. 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 2011	31 December 2010
Fixed interest instruments		
Financial Liabilities	209.958.632	158.835.571
Variable Interest financial instruments		
Financial Liabilities	71.663.810	94.142.861

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 38 – FINANCIAL INSTRUMENTS

Financial Instruments' Classification and Fair Value

31 December 2011	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	12.848.217	-	-	-	-	12.848.217	6
Trade Receivables	-	68.232.564	-	-	-	68.232.564	11
Receivables from related parties	-	99.450.422	-	-	-	99.450.422	36
Derivative Financial Assets	-	-	-	-	2.009.599	2.009.599	7
Other financial assets	23.336.577	-	2.075.554	-	-	25.412.131	8
Financial Liabilities							
Financial liabilities	-	-	-	281.622.442	-	281.622.442	9
Trade Payables	-	-	-	56.808.284	-	56.808.284	11
Payales to related parties	-	-	-	12.481.312	-	12.481.312	36
Other Financial Liabilities	-	-	-	-	-	-	7

31 December 2010	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	7.019.706	-	-	-	-	7.019.706	6
Trade Receivables	-	46.578.797	-	-	-	46.578.797	11
Receivables from related parties	-	101.223.314	-	-	-	101.223.314	36
Derivative Financial Assets	-	-	-	-	309.900	309.900	7
Other financial assets	-	-	2.075.554	-	-	2.075.554	8
Financial Liabilities							
Financial liabilities	-	-	-	252.978.432	-	252.978.432	9
Trade Payables	-	-	-	44.757.203	-	44.757.203	11
Payales to related parties	-	-	-	9.134.317	-	9.134.317	36
Other Financial Liabilities	-	-	-	-	1.235.448	-	7

(Amounts expressed in Turkish Lira (TL) except stated otherwise)

NOTE 38 – FINANCIAL INSTRUMENTS (cont'd)

Fair value of financial instruments

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

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market

Fair value of financial instruments (cont'd)

Level classifications of financial assets at fair value are as follows;

		Level of fair value as of reporting date		
Financial Assets	31 December 2011	1st Level TL	2nd Level TL	3rd Level TL
Financial Assets at fair value through profit or loss	2.009.599	-	2.009.599	-
Available-for-sale-financial assets	-	-	-	2.075.554
Total	**2.009.599**	**-**	**2.009.599**	**2.075.554**
Financial liabilities				
Financial Liabilities at fair value through profit or loss	-	-	-	-
	-	-	-	-

		Level of fair value as of reporting date		
Financial Assets	31 December 2010	1st Level TL	2nd Level TL	3rd Level TL
Financial Assets at fair value through profit or loss	309.900	-	309.900	-
Available-for-sale-financial assets	-	-	-	2.075.554
Total	**309.900**	**-**	**309.900**	**2.075.554**
Financial liabilities				
Financial Liabilities at fair value through profit or loss	1.235.448	-	1.235.448	-
Total	**1.235.448**	**-**	**1.235.448**	**-**

NOTE 39 - SUBSEQUENT EVENTS

None.