TAT KONSERVE SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(translated into English from the Turkish original copy)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Tat Konserve Sanayii A.Ş. and its subsidiary (together the "Group"), which comprise the consolidated balance sheet as of 31 December 2009, and the consolidated comprehensive income statement, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 2009, and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Market Board.

İstanbul, 19 February 2010

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

Member of **DELOITTE TOUCHE TOHMATSU**

Burç Seven
Partner

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TAT KONSERVE SANAYİİ A.Ş.

AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

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

ASSETS	Notes	Current Year 31 December 2009	As Restated Previous Year 31 December 2008
Current Assets		**342.813.007**	**322.703.177**
Cash and Cash Equivalents	6	534.881	339.128
Trade Receivables		148.508.470	137.124.704
-Due from related parties	*37*	*81.594.857*	*73.691.257*
-Other trade receivables	*10*	*66.913.613*	*63.433.447*
Other Receivables	11	5.656	39.239
Inventories	13	135.988.101	129.582.075
Biological Assets	14	37.709.723	23.264.684
Other Current Assets	26	19.793.918	32.091.378
		342.540.749	322.441.208
Non-Current Assets Held for Sale	34	272.258	261.969
Non-Current Assets		**195.531.219**	**203.574.456**
Other Receivables	11	105.351	76.196
Financial Investments	7	2.075.554	10.543.256
Equity Investments	16	5.453.914	3.842.169
Investment Property	17	2.974.284	3.199.304
Property, Plant and Equipment	18	157.923.231	155.960.252
Intangible Assets	19	463.515	564.482
Deferred Tax Assets	35	22.540.447	26.690.699
Other Non-Current Assets	26	3.994.923	2.698.098
TOTAL ASSETS		**538.344.226**	**526.277.633**

The accompanying notes form an integral part of financial statements.

TAT KONSERVE SANAYİİ A.Ş.

AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

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

LIABILITIES	Notes	Current Year 31 December 2009	As Restated Previous Year 31 December 2008
Short Term Liabilities		**239.102.678**	**331.569.913**
Financial Borrowings	8	164.557.940	262.511.552
Trade Payables		65.807.855	63.040.178
- Due to related parties	*37*	*6.978.641*	*9.049.729*
- Other trade payables	*10*	*58.829.214*	*53.990.449*
Provisions	22	1.094.357	1.331.119
Other Short Term Liabilities	26	7.642.526	4.687.064
Long Term Liabilities		**100.386.957**	**36.317.413**
Financial Borrowings	8	92.296.162	29.139.700
Provision for Employment Termination Benefits	24	8.090.795	7.071.686
Other Long Term Liabilities	26	-	106.027
SHAREHOLDERS' EQUITY		**198.854.591**	**158.390.307**
Attributable to equity holders of the parent	**27**	**168.307.412**	**139.780.844**
Paid-in Capital		136.000.000	136.000.000
Inflation Adjustment to Share Capital		21.601.088	21.601.088
Share Premium		9.131.884	9.131.884
Revaluation Fund		492.271	5.704.270
Restricted Reserves		60.404	60.404
Retained Earnings		(32.716.802)	(28.436.403)
Net Profit for the Period		33.738.567	(4.280.399)
Minority Interest		**30.547.179**	**18.609.463**
TOTAL LIABILITIES AND EQUITY		**538.344.226**	**526.277.633**

The accompanying notes form an integral part of financial statements.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Year 1 January - 31 December 2009	Previous Year 1 January - 31 December 2008
CONTINUING OPERATIONS			
Sales Revenue	28	693.686.750	629.053.514
Cost of Sales (-)	28	(553.608.423)	(515.231.777)
GROSS PROFIT		**140.078.327**	**113.821.737**
Marketing, Selling and Distribution Expenses (-)	30	(58.725.475)	(54.116.288)
General Administrative Expenses (-)	30	(25.514.457)	(21.233.113)
Research and Development Expenses (-)	29	(11.482)	(17.201)
Other Operating Income	31	8.946.774	4.977.176
Other Operating Expenses	31	(1.447.180)	(4.176.536)
OPERATING PROFIT		**63.326.507**	**39.255.775**
Income from Equity Investments	16	1.611.745	357.062
Finance Income	32	11.324.229	32.691.440
Finance Expense	33	(38.716.631)	(72.211.239)
CONTINUING OPERATIONS PROFIT BEFORE TAXATION		**37.545.850**	**93.038**
Continued Operations Tax Income / (Expense)			
Deferred Tax Income / (Expense)	35	(4.424.568)	(7.199.032)
CONTINUED OPERATIONS PROFIT/LOSS		**33.121.282**	**(7.105.994)**
Profit for the Period Attributable to:			
Minority Interest		(617.285)	(2.825.595)
Parent Company		33.738.567	(4.280.399)
Earnings Per Share			
Earnings / (Loss) Per Share For 1.000 Shares with 1 Kr Nominal Value		2,44	(0,52)
Other Comprehensive Income / (Loss)			
Change in financial assets revaluation fund	7	(5.211.999)	2.171.948
OTHER COMPREHENSIVE INCOME (AFTER TAX)		(5.211.999)	2.171.948
TOTAL COMPREHENSIVE INCOME		**27.909.283**	**(4.934.046)**
Attributable to:			
Minority Interest	27	(617.285)	(2.825.595)
Parent Company Share		28.526.568	(2.108.451)

The accompanying notes form an integral part of financial statement.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Year 1 January- 31 December 2009	Previous Year 1 January- 31 December 2008
Profit before minority interest and taxation		37.545.850	93.038
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Interest expense	33	26.690.130	33.510.486
Depreciation and amortization	17,18,19	14.383.501	12.198.382
Provision for employee termination benefits	24	4.171.485	2.577.910
Allowances for doubtful receivables	10	143.199	5.154
Other provisions	22	2.696.297	1.331.119
Profit from equity investments	16	(1.611.745)	(357.062)
Expenses from principal and interest swap contracts	33	4.346.645	-
Income from foreign currency derivative contracts (net)	32,33	(3.716.425)	(12.201.034)
Biological assets fair value increase	14	(6.290.947)	(370.926)
Income accruals	26	(5.944.630)	(2.694.648)
Profit from sale of tangible assets	31	(127.988)	(1.577.226)
Profit on sale of financial assets	31	(5.884.496)	(1.685.956)
Loss from joint ventures	32	-	1.703.691
Unrealized foreign exchange gain / (loss) on financial liabilities		7.422.273	30.581.037
Interest income	32	(722)	(454.683)
Operating profit before working capital change		**73.822.427**	**62.659.282**
Decrease / (increase) in trade receivables and other receivables	10	(3.623.365)	(57.883.678)
Decrease / (increase) in due from related parties	37	(7.903.600)	(7.994.743)
Increase in inventories	13	(6.406.026)	(18.523.637)
Increase in biological assets	14	(8.154.092)	(1.334.431)
Decrease / (increase) in non-current assets held for sale	34	(10.289)	887.041
Increase in other current assets	11,26	18.275.673	(5.808.912)
Increase in other non-current assets	26	(1.325.980)	(1.154.757)
Increase in trade payables	10	4.838.765	12.809.041
Decrease in due to related parties	37	(2.071.088)	(2.082.773)
Increase/(Decrease) in other liabilities	22,26	(3.008.294)	(12.468.649)
Cash generated from / (used in) activities		**64.434.131**	**(30.896.216)**
Employee termination benefits paid	24	(3.152.376)	(2.900.667)
Interest paid		(22.726.092)	(30.326.975)
Cash generated from / (used in) operations		**38.555.663**	**(64.123.858)**
Investing activities:			
Tangible and intangible asset purchases	18,19	(16.450.492)	(42.078.593)
Cash generated from sale of tangible assets	18,31	557.987	2.895.282
Cash obtained from foreign currency derivative contracts (net)		8.865.882	3.261.500
Interest received	32	722	454.683
Net cash used in investing activities		**(7.025.901)**	**(35.467.128)**
Financing activities:			
Harranova capital increase		12.555.001	13.183.333
Cash used in principal and interest swap transactions		(1.421.975)	-
Cash obtained from foreign currency derivative contracts (net)		3.716.425	1.977.509
Increase / (decrease) in financial borrowings	8	(46.183.460)	84.440.316
Net cash generated from / (used in) financing activities		**(31.334.009)**	**99.601.158**
Net increase / (decrease) in cash and cash equivalents		**195.753**	**10.172**
Cash and cash equivalents at the beginning of the period	6	**339.128**	**328.956**
Cash and cash equivalents at the end of the period	6	**534.881**	**339.128**

The accompanying notes form an integral part of financial statements.

TAT KONSERVE SANAYİİ A.Ş.

AUDITED CONSOLIDATED CHANGES IN STATEMENT OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Share capital	Inflation adjustment on share capital	Share premium	Revaluation fund on financial assets	Restricted reserves assorted from profit	Retained earnings / accumulated losses	Equity attributable to Parent Company	Minority interest	Total equity
Balance at 1 January 2009	**136.000.000**	**21.601.088**	**9.131.884**	**1.307.362**	**60.404**	**(28.319.894)**	**139.780.844**	**18.609.463**	**158.390.307**
Effect of restatement (Note 41)	-	-	-	4.396.908	-	(4.396.908)	-	-	**-**
As restated opening balance	**136.000.000**	**21.601.088**	**9.131.884**	**5.704.270**	**60.404**	**(32.716.802)**	**139.780.844**	**18.609.463**	**158.390.307**
Comprehensive income / (expense) for the period	-	-	-	(5.211.999)	-	33.738.567	28.526.568	(617.285)	**27.909.283**
Increase in capital of Harranova	-	-	-	-	-	-	-	12.555.001	**12.555.001**
Balance at 31 December 2009	**136.000.000**	**21.601.088**	**9.131.884**	**492.271**	**60.404**	**1.021.765**	**168.307.412**	**30.547.179**	**198.854.591**

	Share Capital	Inflation adjustment on share capital	Share Premium	Revaluation fund on financial assets	Restricted reserves assorted from profit	Retained earnings / accumulated losses	Equity attributable to parent company	Minority interest	Total equity
Balance at 1 January 2008	**136.000.000**	**21.601.088**	**9.131.884**	**(864.586)**	**60.404**	**(24.039.495)**	**141.889.295**	**6.676.766**	**148.566.061**
Effect of restatement (Note 41)	-	-	-	4.396.908	-	(4.396.908)	-	-	**-**
As restated opening balance	**136.000.000**	**21.601.088**	**9131.884**	**3.532.322**	**60.404**	**(28.436.403)**	**141.889.295**	**6.676.766**	**148.566.061**
Comprehensive income / (expense) for the period	-	-	-	2.171.948	-	(4.280.399)	(2.108.451)	(2.825.595)	**(4.934.046)**
Increase in capital of Harranova	-	-	-	-	-	-	-	13.183.333	**13.183.333**
Effect of the change in group structure	-	-	-	-	-	-	-	1.574.959	**1.574.959**
Balance at 31 December 2008	**136.000.000**	**21.601.088**	**9.131.884**	**5.704.270**	**60.404**	**(32.716.802)**	**139.780.844**	**18.609.463**	**158.390.307**

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. Koç Holding A.Ş. is the main shareholder and the ultimate owner of the Group. The Company is registered in Turkey and is operating in accordance with the Turkish Commercial Code. The Company has 1.013 employees at 31 December 2009 (31 December 2008: 1.254).

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

Harranova Besi ve Tarım Ürünleri A.Ş., the subsidary of the Company has operations in tomato and livestock production.

The table below sets out shareholding structure of the subsidiary and associate at 31 December 2009:

	Direct and indirect share of the Company	
	31 December 2009	**31 December 2008**
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 19 February 2010; on behalf of the Board of Directors Güçlü Toker, 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 Reporting Standards ("TAS/TFRS") which are not contrary to standards adopted and promulgated by TASB and will be applied.

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

2.1 Financial Reporting Standards (Cont'd)

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 state 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. Classifications made are explained in note 41.

2.3 Adoption of New and Revised International Financial Reporting Standards

The following new and revised standards and interpretations were implemented in the current period and this implementation had an impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

Standards and Interpretations affecting reported results or financial position of 2009

IAS 1, (as revised in 2007) *"Presentation of Financial Statements"*	IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.
IFRS 8, *"Operating Segments"*	IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 5).
Improving Disclosures about Financial Instruments *(Amendments to IFRS 7, "Financial Instruments: Disclosures")*	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.(see note 38).

Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

(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)

Amendments to IFRS 1, "*First-time Adoption of International Financial Reporting Standards"* and IAS 27, "*Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"*	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2, "*Share-based Payment - Vesting Conditions and Cancellations"*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 23, (as revised in 2007) *"Borrowing Costs"*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.
IAS 32,"Financial Instruments: Presentation" and IAS 1, "Presentation of Financial Statements-	Amendment in IAS 32 resulted change in classification of liability / equity by allowing reclassification of financial instruments (or components of intruments) to be exchanged with third parties under proportionate liquidation of net assets as equity under certaind circumstances.
Amendments to IAS 39, *"Financial Instruments: Recognition and Measurement – Eligible Hedged Items"*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives *(Amendments to IFRIC 9 and IAS 39)*	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39, "Financial Instruments: Recognition and Measurement".
IFRIC 15, "*Agreements for the Construction of Real Estate"*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11, "Construction Contracts" or IAS 18, "Revenue" and when revenue from the construction of real estate should be recognized.

(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)

IFRIC 16, "*Hedges of a Net Investment in a Foreign Operation*"	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18, "*Transfers of Assets from Customers*"	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18, "Revenue".
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.
IFRIC 13, "*Customer Loyalty Programmes*"	Under IFRIC 13, customer loyalty programs should be recognized as a separately identifiable component of the sales transaction(s). A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed.
Amendments to IAS 38, "*Intangible Assets*"	As part of Improvements to IFRSs (2008), IAS 38 has been amended to state that an entity is permitted to recognize a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services.
Amendments to IAS 40, "*Investment Property*"	As part of Improvements to IFRSs (2008), IAS 40 has been amended to include within its scope investment property in the course of construction.

(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)

Amendments to IAS 20, *"Accounting for Government Grants and Disclosure of Government Assistance"*	As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.
Amendments to IAS 39, *"Financial Instruments: Recognition and Measurement"* and IFRS 7, *"Financial Instruments: Disclosures regarding reclassifications of financial assets"*	The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available-for-sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) *"Business Combinations"*

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.
b) to change the recognition and subsequent accounting requirements for contingent consideration.
c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IFRS 9 "*Financial Instruments: Classification and Measurement*"

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39, *"Financial Instruments: Recognition and Measurement*". The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

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

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

IAS 24 (revised 2009) "*Related Party Disclosures*"

In November 2009, IAS 24, *"Related Party Disclosures"* was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 27 (as revised in 2008) "*Consolidated and Separate Financial Statements*"

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries.

The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity.

The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRIC 17 "*Distributions of Non-cash Assets to Owners*"

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

IFRIC 19 "*Extinguishing Financial Liabilities with Equity Instruments*"

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

Amendments related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

As part of Improvements to IFRSs 2009 issued in April 2009, the International Accounting Standards Board ("IASB") amended the requirements of IAS 17 Leases regarding the classification of leases of land. Prior to amendment, IAS 17 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principles of the Standard, and the relevant guidance has been removed due to concerns that it could lead to accounting that did not reflect the substance of arrangements. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of IAS 17. These amendments are effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognize assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognized in retained earnings.

(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)

Management anticipates that these amendments to IAS 17 will be adopted in the Group's financial statements for the annual period beginning 1 January 2010. It is likely that the changes will affect the classification of some of the Group's leases of land. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, the directors will be considering the extent to which information is available for retrospective application.

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 2009:

	Direct and indirect share of the Company	
	31 December 2009	**31 December 2008**
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

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

2.6 Summary of Significant Accounting Policies

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

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 6).

Trade receivables and provision for doubtful 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.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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 37).

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 13).

Biological Assets

Livestock is measured at its fair value less estimated point-of-sale costs (Note 14).

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.

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

2.6 Summary of Significant Accounting Policies (cont'd)

Intangible assets

Intangible assets acquired separately

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.

Computer software

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

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.

Current tax

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

Deferred tax

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.

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 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.

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 held-to-maturity debt securities and held for trading securities are classified as available-for-sale, and 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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

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

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

2.6 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

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.

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.

Finance leases

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in leasing payables. Obligations under finance leases are stated in the financial statements at the acquisition values of the related property, plant and equipment. The interest element of the finance cost is charged to the income statement over the lease period.

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

2.6 Summary of Significant Accounting Policies (cont'd)

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 24).

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made (Note 22).

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 (Note 22).

Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 27).

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 other 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,

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

2.6 Summary of Significant Accounting Policies (cont'd)

Revenue Recognition (cont'd)

• 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.

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.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at Central Bank of Turkey exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of income.

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.

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

The Group takes into account its budgeted taxable income for 2010 and following years in the measurement of deferred income tax assets arising from carry forward tax losses.

(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.

(c) 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.

NOTE 4 – JOINT VENTURES

The Group's joint venture, Tariş-Tat Alkollü İçecekler A.Ş., took a decision to increase the share capital by 12.000.000 TL at extraordinary general meeting held on 24 June 2008, but the Group decided not attend capital increase and then the Goup's shares decreased from 50% to 18,42. After the change in ownership structure, Tariş-Tat Alkollü İçecekler A.Ş. is presented with its fair value in the financial investments account instead of subsidiary in the accompanying consolidated financial statements.

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 430.190.971 TL as of 31 December 2009 (31 December 2008: 407.186.003 TL).

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

NOTE 5 - SEGMENTAL REPORTING(cont'd)

a) Segmental Analysis between 1 January 2009 - 31 December 2009

	Tomato paste and canned foods	Milk and dairy products	Meat and meat products	Pasta and mealy products	Total
Sales Revenue (net)	166.063.516	201.483.352	276.444.744	49.695.138	693.686.750
Cost of Sales	(120.216.884)	(155.930.053)	(239.408.831)	(38.052.655)	(553.608.423)
Gross Operating Profit	**45.846.632**	**45.553.299**	**37.035.913**	**11.642.483**	**140.078.327**
Operating Expenses					(76.751.820)
Operating Profit					**63.326.507**

Segmental Analysis between 1 January 2008 - 31 December 2008

	Tomato paste and canned foods	Milk and dairy products	Meat and meat products	Pasta and mealy products	Total
Sales Revenue (net)	182.317.991	159.657.664	220.600.576	66.477.283	629.053.514
Cost of Sales	(131.355.543)	(129.097.669)	(199.024.374)	(55.754.191)	(515.231.777)
Gross Operating Profit	**50.962.448**	**30.559.995**	**21.576.202**	**10.723.092**	**113.821.737**
Operating Expenses					(74.565.962)
Operating Profit					**39.255.775**

(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 2009 and 31 December 2008, the recorded amount of the segment assets according to industrial segments are as follows:

	31 December 2009	31 December 2008
Meat and meat products	52.166.652	53.321.147
Tomato paste and canned foods	82.604.017	74.895.563
Milk and dairy products	18.548.330	26.057.515
Pasta and mealy products	3.174.467	3.784.564
Assets not allocated to the segments	4.867.564	1.665.249
	161.361.030	**159.724.038**

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 periods ended 31 December 2009 and 31 December 2008 are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Meat and meat products	4.240.553	5.355.568
Tomato paste and canned foods	7.112.294	4.357.084
Milk and Dairy products	2.378.180	2.036.297
Pasta and mealy products	336.091	209.501
Assets not allocated to the segments	316.383	239.932
	14.383.501	**12.198.382**

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

NOTE 5 - SEGMENTAL REPORTING (cont'd)

For the periods ended 31 December 2009 and 31 December 2008, investment expenditures for the industrial segment assets are as follows:

	31 December 2009	31 December 2008
Meat and meat products	1.773.293	7.416.259
Tomato paste and canned foods	13.540.434	32.854.599
Milk and Dairy products	824.457	1.191.093
Pasta and mealy products	81.000	304.604
Assets not allocated to the segments	231.308	312.038
	16.450.492	**42.078.593**

NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2009 and 31 December 2008, cash and cash equivalents comprised the following:

	31 December 2009	31 December 2008
Cash On Hand	7.193	9.343
Banks	527.560	329.515
- Demand Deposit – TL	165.635	311.913
- Demand Deposit – Foreign currency	361.925	17.602
Other	128	270
	534.881	**339.128**

As of 31 December 2009, the demand deposits include restricted bank deposits that are not available for the use of the Group amounting to TL 62.838 (31 December 2008: TL 61.936)

NOTE 7 – FINANCIAL INVESTMENTS

Available for sale financial investments	%	31 December 2009	%	31 December 2008
Entek Elektrik Üretimi Otoprodüktör A.Ş. (*)	-	-	3,6	8.865.882
Ram Dış Ticaret A.Ş. (**)	7,5	1.523.180	7,5	1.125.000
Düzey Tüketim Malları Sanayi Pazarlama A.Ş.(***)	1,1	544.641	1,1	544.641
Other (***)		7.733		7.733
		2.075.554		**10.543.256**

(*) The Group sold its Entek Elektrik Üretimi Otoprodüktör A.Ş. shares at the date of 21 July 2009 from the fair value of olan 8.865.882 TL. Profit from sale of shares, amounting to 5.884.496 TL was recorded in "other operating gain and income" account.
(**) Presented with its fair value. fair value difference, amounting to 518.180 TL (including deferred tax effect of 492.271 TL) was recorded as "Revaluation fund on financial assets" section of share capital.
(***) Presented with its cost value in the accompanying financial statements.

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

NOTE 8 – FINANCIAL BORROWINGS

The financial borrowings at 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009	31 December 2008
Short term bank borrowings	100.849.999	151.822.174
Current maturities of long term borrowings	63.688.240	110.591.850
Short term finance lease payables (net)	19.701	97.528
Total short term financial borrowings	**164.557.940**	**262.511.552**
Long term borrowings	92.296.162	29.120.176
Long term finance lease payables (net)	-	19.524
Total short term financial borrowings	**92.296.162**	**29.139.700**
	256.854.102	**291.651.252**

In order to be used by Koç Topluluğu 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 30.000.000 USD (equvalent of 45.171.000 TL) is obtained by the Company as sub debtor.

The details of financial borrowings as of 31 December 2009 are as follows:

	Effective interest rate	Original Amount	31 December 2009
Short term financial borrowings			
TL borrowings	7,77%	55.410.168	55.410.168
USD borrowings	2,78%	30.178.542	45.439.831
			100.849.999
Current maturities of long term borrowings			
USD borrowings	3,17%	29.315.038	44.139.653
TL borrowings	10,27%	19.548.587	19.548.587
			63.688.240

	Effective interest rate	Original Amount	31 December 2009
Long term financial borrowings			
USD borrowings	5,49%	30.747.268	46.296.162
TL borrowings	10,14%	46.000.000	46.000.000
			92.296.162

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

NOTE 8 – FINANCIAL BORROWINGS (cont'd)

The details of financial borrowings as of 31 December 2008 are as follows:

	Effective interest rate	Original Amount	31 December 2008
Short term financial borrowings			
TL borrowings	22,1%	148.797.574	148.797.574
USD borrowings	9,0%	2.000.000	3.024.600
			151.822.174
Current maturities of long term borrowings			
USD borrowings	3,3%	70.894.444	107.213.668
Euro borrowings	6,6%	1.578.000	3.378.182
			110.591.850

	Effective interest rate	Original Amount	31 December 2008
Long term financial Borrowings			
USD borrowings	5,1%	19.255.556	29.120.176
			29.120.176

The redemption schedule of the long-term borrowings at 31 December 2009 of is as follows:

	TL Borrowing	USD TL Equivalent
2011	46.000.000	34.250.562
2012	-	12.045.600
	46.000.000	**46.296.162**

The redemption schedule of the long-term borrowings at 31 December 2008 of is as follows:

	USD TL Equivalent
2010	18.584.486
2011	10.535.690
	29.120.176

To manage liquidity risk, Group management retains cash and credit commitments to meet short term cash outflow.In this context, the Company has credit right with banks amounted to 436.912.435 TL to use if necessary (2008: 410.874.669 TL).

NOTE 9 – OTHER FINANCIAL LIABILITIES

None (2008: None).

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

NOTE 10 - TRADE RECEIVABLES AND TRADE PAYABLES

The analysis of trade receivables and trade payables at 31 December 2009 and 31 December 2008 is as follows:

	31 December 2009	31 December 2008
Trade Receivables:		
Receivables	43.741.725	42.000.454
Notes and cheques receivable	25.523.634	23.744.987
Less: provision for impairment of receivables	(2.351.746)	(2.311.994)
	66.913.613	**63.433.447**

Movement of allowance for doubtful receivables of the Group for the period ended 31 December 2009 and 31 December 2008 is as follows:

	31 December 2009	31 December 2008
Opening balance	(2.311.994)	(2.306.840)
Collections	103.447	-
Provisions for the current period	(143.199)	(5.154)
	(2.351.746)	**(2.311.994)**

The explanations related to quality and level of risks at trade receivables are explained at note 38.

As of 31 December 2009 and 31 December 2008, the details of trade payables are as follows:

	31 December 2009	31 December 2008
Trade Payables:		
Domestic Suppliers	57.230.616	52.954.262
Foreign Suppliers	1.598.598	1.036.187
	58.829.214	**53.990.449**

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

As of 31 December 2009 and 31 December 2008, the details of other trade receivables are as follows:

	31 December 2009	31 December 2008
Other short term trade receivables:		
Prepaid taxes and funds	-	11.350
Other receivables	5.656	27.889
	5.656	**39.239**

	31 December 2009	31 December 2008
Other long term receivables:		
Deposit and guarantees given	105.351	76.196

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

NOTE 12 – RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (2008: None).

NOTE 13 - INVENTORIES

As of 31 December 2009 and 31 December 2008, the details of inventories are as follows:

	31 December 2009	31 December 2008
Raw material	37.219.532	32.683.253
Work-in process	2.196.253	2.318.258
Finished goods	96.560.365	94.346.985
- Tomato sauce and canned foods	88.559.008	83.610.084
- Milk and dairy products	4.089.365	4.034.729
- Meat and meat products	2.244.319	2.530.209
- Macaroni and mealy products	1.667.673	4.171.963
Other Inventories	11.951	233.579
	135.988.101	**129.582.075**

NOTE 14 - BIOLOGICAL ASSETS

The biological assets at 31 December 2009 comprise livestock amounting to 37.709.723 TL (2008: 23.264.684 TL).

The movements in the carrying value of biological assets in the period ended 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Openning balance	23.264.684	21.559.327
Increase due to purchases	57.902.212	22.838.404
Increase in fair value	6.290.947	370.926
Decreases attributable to sales	(49.748.120)	(21.503.973)
	37.709.723	**23.264.684**

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

None (2008: None).

NOTE 16 – EQUITY INVESTMENTS

As of 31 December 2009 and 31 December 2008, the details of investments valued by equity pick up method are as follows:

	%	31 December 2009	%	31 December 2008
Tat Tohumculuk A.Ş. (*)	30,0	5.453.914	30,0	3.842.169
		5.453.914		**3.842.169**

(*) As of 31 December 2009 and 31 December 2008, the amounts of current assets, non-current assets, short-term liabilities, long-term liabilities, revenue, expense and net profit for the period of Tat Tohumculuk A.Ş. which is consolidated by equity pick up method are as follows:

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

NOTE 16 – EQUITY INVESTMENTS (cont'd)

	31 December 2009	31 December 2008
Current Assets	17.465.278	13.408.305
Non-current assets	3.432.436	1.794.325
Short-term liabilities	2.158.835	2.011.970
Long-term liabilities	559.164	383.430
Net Assets	18.179.715	12.807.230
Group's portion in net assets	5.453.914	3.842.169
Revenues	14.145.105	10.252.006
Expenses	(10.474.482)	(7.573.613)
Net profit for the period	5.372.484	2.678.393
Group's portion in net profit for the period	1.611.745	803.518

NOTE 17 – INVESTMENT PROPERTY

Cost Value	**Buildings**	**Total**
Opening balance as of 1 January 2009	-	-
Adjustments (Note 41)	8.157.776	8.157.776
Adjusted opening balance	8.157.776	8.157.776
Purchases	-	-
Disposals	-	-
Ending balance as of 31 December 2009	8.157.776	8.157.776
Accumulated Depreciation		
Opening balance as of 1 January 2009	-	-
Adjustments	4.958.472	4.958.472
Adjusted opening balance	4.958.472	4.958.472
Charge for the year	225.020	225.020
Disposals	-	-
Ending balance as of 31 December 2009	5.183.492	5.183.492
Carrying value as of 31 December 2009	2.974.284	2.974.284

Cost Value	**Buildings**	**Total**
Opening balance as of 1 January 2008	-	-
Transfers to investment property	8.157.776	8.157.776
Disposals	-	-
Ending balance as of 31 December 2008	8.157.776	8.157.776
Accumulated Depreciation		
Opening balance at 1 January 2008	-	-
Transfers to investment property	4.958.472	4.958.472
Ending balance as of 31 December 2008	4.958.472	4.958.472
Carrying value as of 31 December 2008	3.199.304	3.199.304

The fair value of investment property in Yenişehir / Bursa is estimated as 8.025.000 TL according to expertise work by Vakıf Gayrimenkul Değerleme A.Ş. in June 2008 based on "Comparative sales samples (market value)" and "Cost Formations Approaches". The Group management assumes no significant change in fair values of these investment properties as of 31 December 2009.

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

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant, equipment and their accumulated depreciation for the period ended 31 December 2009 and 31 December 2008 are as follows:

	1 January 2009	Adjustments (Note 41)	Adjusted Opening Balance	Additions	Disposals	Transfers	31 December 2009
Cost:							
Land	9.045.994	-	9.045.994	-	-	-	9.045.994
Land improvements	8.843.737	-	8.843.737	1.531.598	-	2.520.121	12.895.456
Buildings	109.174.887	(8.157.776)	101.017.111	323.226	-	2.236.894	103.577.231
Machinery and equipment	393.689.531	-	393.689.531	4.280.949	(2.641.468)	1.039.324	396.368.336
Vehicles	5.603.832	-	5.603.832	283.757	(258.010)	-	5.629.579
Furniture and fixture	45.248.563	-	45.248.563	4.341.767	(112.677)	744.030	50.221.683
Leasehold improvements	8.093.684	-	8.093.684	15.500	-	-	8.109.184
Construction in progress	2.189.978	-	2.189.978	5.463.637	-	(6.540.369)	1.113.246
	581.890.206	**(8.157.776)**	**573.732.430**	**16.240.434**	**(3.012.155)**	**-**	**586.960.709**

Accumulated Depreciation:	1 January 2009	Adjustments (Note 41)	Adjusted Opening Balance	Charge for the year	Disposals	Transfers	31 December 2009
Land improvements	3.000.507	-	3.000.507	1.385.194	-	-	4.385.701
Buildings	48.847.202	(4.958.472)	43.888.730	2.472.010	-	-	46.360.740
Machinery and equipment	327.972.266	-	327.972.266	7.350.071	(2.282.857)	-	333.039.480
Vehicles	1.807.583	-	1.807.583	399.247	(223.419)	-	1.983.411
Furnitures and fixtures	33.038.075	-	33.038.075	2.214.416	(75.880)	-	35.176.611
Leasehold improvements	8.065.017	-	8.065.017	26.518	-	-	8.091.535
	422.730.650	**(4.958.472)**	**417.772.178**	**13.847.456**	**(2.582.156)**	**-**	**429.037.478**
Net Book Value	**159.159.556**		**155.960.252**				**157.923.231**

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

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2008	Additions	Disposals	Transfers	Transfer as Investment Property	31 December 2008
Cost:						
Land	9.348.466	-	(302.472)	-	-	9.045.994
Land improvements	4.922.712	197.201	(5.448)	3.729.272	-	8.843.737
Buildings	99.847.256	719.094	-	8.608.537	(8.157.776)	101.017.111
Machinery and equipment	377.775.255	3.071.996	(5.662.322)	18.504.602	-	393.689.531
Vehicles	3.752.475	2.162.163	(310.806)	-	-	5.603.832
Furniture and fixture	42.550.529	6.621.367	(3.923.333)	-	-	45.248.563
Leasehold improvements	8.092.277	1.407	-	-	-	8.093.684
Construction in progress	3.831.261	29.201.128	-	(30.842.411)	-	2.189.978
	550.120.231	**41.974.356**	**(10.204.381)**	**-**	**(8.157.776)**	**573.732.430**

Accumulated Depreciation:	1 January 2008	Charge for the year	Disposals	Transfers	Transfer as Investment Property	31 December 2008
Land improvements	2.371.362	629.145	-	-	-	3.000.507
Buildings	46.282.408	2.564.794	-	-	(4.958.472)	43.888.730
Machinery and equipment	326.577.740	6.491.676	(5.097.150)	-	-	327.972.266
Vehicles	1.675.623	381.629	(249.669)	-	-	1.807.583
Furnitures and fixtures	34.889.342	1.688.239	(3.539.506)	-	-	33.038.075
Leasehold improvements	8.005.717	59.300	-	-	-	8.065.017
	419.802.192	**11.814.783**	**(8.886.325)**	**-**	**(4.958.472)**	**417.772.178**
Net Book Value	**130.318.039**					**155.960.252**

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

NOTE 18 - 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

As of 31 December 2009 and 31 December 2008, the details of amortization expenses are as follows:

	1 January – 31 December 2009	1 January – 31 December 2008
Cost of sales	8.031.166	7.675.669
Marketing, selling and distribution expenses	190.577	553.628
General administrative expenses	998.363	1.042.403
Expense from unused tangible assets	423.162	459.409
Capitalized over inventories	4.204.188	2.083.674
	13.847.456	**11.814.783**

NOTE 19 – INTANGIBLE ASSETS

As of 31 December 2009 and 31 December 2008, intangible assets are composed of software licences and the movements in intangible assets and accumulated amortisation as of these periods ended are as follows:

	1 January 2009	Additions	31 December 2009
Cost	21.743.293	210.058	21.953.351
Accumulated amortization	(21.178.811)	(311.025)	(21.489.836)
Net Book Value	**564.482**		**463.515**

	1 January 2008	Additions	31 December 2008
Cost	21.639.056	104.237	21.743.293
Accumulated amortization	(20.795.212)	(383.599)	(21.178.811)
Net Book Value	**843.844**		**564.482**

As of 31 December 2009 and 31 December 2008, the details of amortization expenses of intangible assets are as follows:

	1 January – 31 December 2009	1 January – 31 December 2008
Cost of sales	274.815	316.864
Marketing, selling and distribution expenses	4.281	17.975
General administrative expenses	22.424	33.844
Expense from unused intangible assets	9.505	14.916
	311.025	**383.599**

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

NOTE 20 - GOODWILL

None (2008: None).

NOTE 21 - 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) 100% customs exemption related with imported machinery and equipment,

ii) 100%, 60% and 40% investment incentive for purchases related to production facility construction and construction cost burden, and,

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

Harranova Besi, the subsidiary of the Company, has incentive allowance at the rate of 80% related to Sosyal Sigortalar Kurumu ("SSK") employer contribution.

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

As of 31 December 2009 and 31 December 2008 the detail of provisions are as follows:

	31 December 2009	**31 December 2008**
Accrual for cost of purchase	110.310	258.148
Accrual for personnel expenses	-	55.000
Accrual for other selling expenses	38.900	201.091
Provision for litigations	580.642	580.642
Accrual for sales discount	-	12.657
Accrual for sales commission and return	-	30.851
Accrual for unused vacation	345.091	120.349
Other	19.414	72.381
	1.094.357	**1.331.119**

Group has miscellaneous borrowings that guarantee letters given to customs and agriculture enterprises which are amounting to 26.226.312 TL (31 December 2008: 16.263.593 TL guarantee letters and 3.842.400 TL mortgages)

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

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (cont'd)

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 2009	31 December 2008
A.	On the behalf of legal entity	26.226.312	16.263.593
B.	On the behalf of associations that included in full consolidation	-	3.842.400
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	-	-
		26.226.312	**20.105.993**

NOTE 23 – COMMITMENTS

None (2008: None).

NOTE 24 – EMPLOYEE BENEFITS

	31 December 2009	31 December 2008
Retirement Pay Provision	8.090.795	7.071.686

Retirement Pay Provision

Retirement pay provision is calculated in terms of the below explanations:

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

At 31 December 2009, the amount payable consists of one month's salary limited to a maximum of 2.365,16 TL (2008: 2.173,19 TL) for each year of service.

Provision for employment termination benefit is not funded, as there is no funding requirement. Provision for employment termination benefit has been calculated by estimating the present value of the future probable obligation of the company arising from the retirement of the employees.

The financial reporting standards issued by Capital Markets Board require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used at 31 December 2009 and 31 December 2008 in the calculation of the total provision:

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

NOTE 24 – EMPLOYEE BENEFITS (cont'd)

Retirement Pay Provision (cont'd)

	2009	2008
Discount Rate	%5,92	%6,26
Turnover rate to estimate the probability of retirement	%4	%4

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of 2.427,04 TL (1 January 2009: 2.260,04 TL), which is effective from 1 January 2010, has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

Movements in the provision for employment termination benefits for the periods ended 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009	31 December 2008
Opening Balance	7.071.686	7.394.443
Service Cost	3.598.115	2.364.030
Interest Cost	441.165	423.692
Actuarial Gain / (Loss)	132.205	(209.812)
Paid in the period	(3.152.376)	(2.900.667)
	8.090.795	**7.071.686**

NOTE 25 - RETIREMENT PLANS

The Company has no liabilities concerning retirement plans except employee termination benefit which is explained in Note 24.

NOTE 26 – OTHER ASSETS AND LIABILITIES

As of 31 December 2009 and 31 December 2008, the details of current/non-current assets and short-term/long-term liabilities are as follows:

	31 December 2009	31 December 2008
Other current assets:		
Deductible value added taxes and funds	10.920.069	16.938.338
Receivables from export funds	4.461.258	1.823.994
Government incentive premiums	1.483.371	870.654
Foreign currency forward contracts	-	10.074.125
Prepaid expenses	2.242.626	1.913.489
Advances given	524.240	411.580
Work advances	1.897	6.949
Other	160.456	52.249
	19.793.918	**32.091.378**

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

NOTE 26 – OTHER ASSETS AND LIABILITIES (cont'd)

	31 December 2009	31 December 2008
Other non-current assets:		
Prepaid expenses – long term	3.981.516	2.505.929
Advances given	13.407	192.169
	3.994.923	**2.698.098**

	31 December 2009	31 December 2008
Other short-term liabilities:		
Expense accruals for principal and interest swap contracts	2.924.671	-
Taxes and funds payable	2.078.726	1.924.215
Employee wages and premiums payable	1.722.289	1.777.069
Social security premiums payable	807.038	909.678
Other payables	109.802	76.102
	7.642.526	**4.687.064**

NOTE 27 - SHARE CAPITAL

At 31 December 2009 and 31 December 2008, the Company's share capital and shareholding structure were as follows:

	%	31 December 2009	%	31 December 2008
Koç Holding A.Ş.	43,7	59.364.947	43,7	59.364.947
Shares publicly open in stock exchange	41,2	55.964.000	41,2	55.964.000
Kagome Co. Ltd.	3,7	5.071.168	3,7	5.071.168
Temel Ticaret ve Yatırım A.Ş.	3,3	4.427.889	3,3	4.427.889
Sumitomo Corporation	1,5	2.077.983	1,5	2.077.983
Other	6,6	9.094.013	6,6	9.094.013
Total Share Capital	**100,0**	**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 2009 consists of 13.600.000.000 number of shares and there is no preferred stock (2008: 13.600.000.000 number of shares).

Profit Distribution:

Public companies pay dividend according to Capital Market Board Standards as explained below:

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (31 December 2008: 20%), 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 27 - SHARE CAPITAL (cont'd)

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extend that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

According to the legal records the Group has no distributable profit from retained earnings and current year profit.

Share Premium:

Share premium illustruates the difference between sales price and the nominal value as of result of issuance of Company's shares.

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.

Restricted Reserves:

Restricted reserves calculated over profit consists of legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. As of 31 December 2009 the Group has legal reserves, amounting to 60.404 TL. (31 December 2008: 60.404 TL).

Minority Interests

The Group's minority interests come from Harranova and as of balance sheet date amounting to 617.285 TL as of 31 December 2009. (31 December 2008: 2.825.595 TL loss).

	31 December 2009	**31 December 2008**
Opening Balance	18.609.463	6.676.766
Current year loss attributable to minority interests	(617.285)	(2.825.595)
Increase in Harranova share capital	12.555.001	13.183.333
Effect of the change in the group structure	-	1.574.959
	30.547.179	**18.609.463**

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

NOTE 28 – SALES AND COST OF GOODS SOLD

For the periods ended 31 December 2009 and 2008, the details of operating income and cost of goods sold are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Domestic Sales	733.378.079	637.841.651
Foreign Sales	38.131.944	46.488.075
Rebates and sales discounts	(77.823.273)	(55.276.212)
Total Operating Revenue	**693.686.750**	**629.053.514**
Raw material costs	(474.881.976)	(431.115.363)
Labor costs	(23.582.661)	(17.220.916)
General production overheads	(48.837.809)	(60.827.266)
Amortisation and depreciation costs	(10.505.549)	(10.024.441)
Change in fair value of biological assets	6.290.947	370.926
Changes in inventories	(2.091.375)	3.585.283
Cost of sales	**(553.608.423)**	**(515.231.777)**
Gross operating income	**140.078.327**	**113.821. 737**

NOTE 29 – RESEARCH AND DEVELOPMENT, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

For the periods ended 31 December 2009 and 2008, the details of operating expenses are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Marketing, selling and distribution expenses	58.725.475	54.116.288
General administrative expenses	25.514.457	21.233.113
Research and development expenses	11.482	17.201
	84.251.414	**75.366.602**

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

NOTE 30- NATURE OF EXPENSES

For the periods ended 31 December 2009 and 2008, the details of operating expenses are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Marketing, Selling and Distribution Expenses:		
Sales incentive and gondola participation expenses	21.503.921	16.540.324
Transportation and insurance expenses	19.129.332	17.266.630
Advertisement expenses	4.952.651	4.896.722
Sales support expenses	4.962.782	4.696.597
Other sales expenses	4.302.270	3.881.509
Personnel expenses	3.296.120	5.404.013
Sales promotion and commision expenses	274.206	583.501
Depreciation and amortisation expenses	197.954	571.603
Other	106.239	275.389
	58.725.475	**54.116.288**

	1 January-31 December 2009	1 January-31 December 2008
Administrative expenses:		
Personnel expenses	12.174.175	10.315.713
Employee termination benefits	4.171.485	2.577.910
Transportation and travel expenses	1.332.936	1.171.565
Depreciation and amortisation expenses	1.037.010	1.076.247
Consultancy and lawsuit expenses	2.781.470	1.467.629
Taxes and duties expenses	768.675	1.196.530
Repair and maintenance expenses	561.129	537.826
Information technologies expenses	308.388	459.494
Other	2.379.189	2.430.199
	25.514.457	**21.233.113**

NOTE 31 – OTHER OPERATING INCOME/EXPENSE

For the periods ended 31 December 2009 and 2008, the details of other operating gain and income are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Other operating gain and income		
Income on sale of Entek shares (Note 7)	5.884.496	-
Gain from government incentives and grants	846.805	-
Rental income	568.889	140.548
Endorsement premium income	197.909	113.766
Gain on sale of property, plant and equipment	127.988	1.577.226
Income on sale of Harranova shares	-	1.685.956
Other	1.320.687	1.459.680
	8.946.774	**4.977.176**

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

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

For the periods ended 31 December 2009 and 31 December 2008, the details of other operating loss and expense are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Other operating losses and expenses:		
Losses from the depreciation of unused assets	(448.940)	(1.037.815)
Expenses from non-current assets held for sale	(343.419)	(61.888)
Foreign exchange loss	(279.283)	(990.292)
Losses due to obligations arising from the joint venture	-	(1.703.691)
Other	(375.538)	(382.850)
	(1.447.180)	**(4.176.536)**

NOTE 32 – FINANCIAL INCOME

For the periods ended 31 December 2009 and 2008, the details of financial income are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Finance income related with derivative and forward transactions	8.426.960	16.600.585
Income generated from maturity differences of sales made on credit	2.896.547	15.636.172
Interest income	722	454.683
	11.324.229	**32.691.440**

NOTE 33 – FINANCIAL EXPENSE

For the periods ended 31 December 2009 and 2008, the details of financial expenses are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Interest expenses	(26.690.130)	(33.510.486)
Expense from maturity differences of purchases on credit	(1.053.396)	(5.446.138)
Expense from principal and interest swap transactions	(4.346.645)	-
Finance expense related with derivative and forward transactions	(4.710.535)	(4.399.551)
Foreign exchange losses	(1.915.925)	(28.855.064)
	(38.716.631)	**(72.211.239)**

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

As of 31 December 2009, 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.

Losses arising from discontinued operations amounting to 343.419 TL is included in other expenses and losses in the consolidated income statement for the year ended 31 December 2009 (2008: 61.888 TL).

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

NOTE 35 - TAX ASSETS AND LIABILITIES

For the periods ended 31 December 2009 and 2008, the details of tax expenses stated in income statement are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Corporate tax expense	-	-
Deferred tax expense	(4.424.568)	(7.199.032)
	(4.424.568)	**(7.199.032)**

Corporate tax:

The Company 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 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2009 (2008: 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 resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is applied as 10% for the periods between 24 April 2003 and 22 July 2006. This rate was changed to 15% commencing from 22 July 2006 with the decision of Board of Ministries decision no: 2006/10731. Undistributed dividends included to share capital are not subject to income witholding 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, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Group. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates:

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of December 31, 2005 so as to be deducted from taxable income of 2006, 2007 and 2008 years. However, the investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

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

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

Investment incentive certificates: (cont'd)

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

Inflation adjusted legal tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Companies have adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as of 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as of 31 December 2005, no further inflation adjustment made to the Companies' statutory financial statements in 2005, 2006,2007,2008 and 2009.

Deferred tax assets and Liabilities :

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

As the entities can not declare consolidated corporate tax, deferred tax assets of subsidiaries can not be offset with deferred tax liabilities of other subsidiaries and presented seperately.

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 2009 and 2008 using the enacted tax rates is as follows:

	Cumulative temporary difference		Deferred tax assets / (liabilities)	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Carryforward tax losses	83.229.219	124.003.049	16.645.843	24.800.610
Effect of investment incentive	17.769.169	-	3.553.834	-
Difference between tax base and Carry value of property, plant and equipment	7.973.764	9.587.041	1.827.294	2.149.504
Revaluation reverse on financial assets	(518.180)	(6.004.496)	(25.909)	(300.226)
Provision for employment termination benefits	8.090.795	7.071.686	1.618.160	1.414.337
Provision for doubtful receivables	446.870	465.198	89.374	93.039
Fair value of derivative instruments	1.834.194	(5.727.095)	366.839	(1.145.419)
Accrued income	(932.343)	(1.670.354)	(186.469)	(334.071)
Difference between tax base and carrying value of inventories	(827.466)	(499.037)	(165.493)	(99.807)
Difference between tax base and fair value of biological assets	(6.717.228)	354.925	(1.343.446)	(70.985)
Other	802.101	553.524	160.420	183.717
	111.150.895	**128.134.441**	**22.540.447**	**26.690.699**

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

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

Deferred tax assets and Liabilities : (cont'd)

Movement of the deferred tax for the years ended 31 December 2009 and 31 December 2008 is as follows:

	31 December 2009	31 December 2008
Opening balance	26.690.699	34.189.957
Attributable to revaluation fund of financial assets	274.316	(300.226)
Deferred tax expense	(4.424.568)	(7.199.032)
	22.540.447	**26.690.699**

Expiration schedule of carryforward tax losses is as follows:

	31 December 2009	31 December 2008
2009	-	39.651.484
2010	48.305.444	51.224.456
2011	16.500.004	16.500.004
2013	16.627.106	16.627.105
2014	1.796.665	-
	83.229.219	**124.003.049**

As of 31 December 2009, the Group accounted for deferred income tax assets over carry forward tax losses of 83.229.219 TL (2008: 124.003.049 TL) Management plans to utilize carry forward tax losses through the future taxable profits.

The Group has investment incentives with withholding tax, amounting to 15.860.568 TL and without withholding tax, amounting to 17.769.169 TL that are available for use at the subsequent periods. The management does not plan to use investment incentives with without withholding tax in accordance with current circumstances and estimates.Therefore, deferred tax asset was not booked for investment incentive with withholding tax, which is amounting to 15.860.568 TL.

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

	1 January-31 December 2009	1 January-31 December 2008
Profit/ (loss) from continuing operations before tax	37.545.850	93.038
Tax at the domestic income tax rate of %20 (2008:%20)	7.509.170	18.608
Tax effects of:		
- Investment incentive without withholding tax	(3.553.834)	-
- Revenue that is exempt from taxation	(171.975)	(644.908)
- Expenses that are not deductible in determining taxable profit	534.524	740.107
- Previously recognised and unused tax losses	471.423	7.156.637
- Revenue generated from equity invenstment transactions	(322.349)	(71.412)
- Other	(42.391)	-
	4.424.568	**7.199.032**

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

NOTE 36 – EARNING PER SHARE

The profit per thousands of shares with Kr 1 nominal value (of 13.600.000.000 number of shares), amounted to 2,44 TL for the year ended 31 December 2009 (31 December 2008: 0,52 TL loss per thousand shares).

NOTE 37 – RELATED PARTY TRANSACTIONS

i) For the periods ended 31 December 2009 and 31 December 2008, the details of related party balances are as follows:

a) Deposits at banks

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A.Ş.	459.698	193.082
	459.698	**193.082**

b) Loans from related parties

	31 December 2009	31 December 2008
Other related parties:		
Yapı ve Kredi Bankası A.Ş.	51.124.973	32.051.612
Yapı Kredi Faktoring A.Ş.	20.300.000	8.548.390
	71.424.973	**40.600.002**

c) Due from related parties

	31 December 2009	31 December 2008
Shareholders:		
Sumitomo Corporation	1.686.431	821.547
Other related parties:		
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. (*)	79.812.214	72.697.752
Diğer	96.212	171.958
	79.908.426	**72.869.710**
Due from related parties	**81.594.857**	**73.691.257**

(*) Average receiavables turnover of Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş. is 63 days and for overdue receivables there is no charge of interest.

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

NOTE 37 – RELATED PARTY TRANSACTIONS (cont'd)

d) Due to related parties

	31 December 2009	31 December 2008
Shareholders:		
Koç Holding A.Ş.	138.737	845.165
Sumitomo Corporation	1.310.650	1.667.383
	1.449.387	**2.512.548**
Investment in associates:		
Tat Tohumculuk A.Ş.	483.324	214.191
Other related parties:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.296.924	3.732.562
Ram Sigorta Aracılık Hizmetleri A.Ş.	39.125	719.348
Türk Traktör	51.132	241.400
The Morning Star Company	-	985.112
Diğer	658.749	644.568
	5.045.930	**6.322.990**
	6.978.641	**9.049.729**

ii) For the periods ended 31 December 2009 and 2008, 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 2009	1 January- 31 December 2008
Shareholders:		
Sumitomo Corporation	12.966.411	18.767.754
Other related parties:		
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	430.190.971	407.186.003
Türkiye Petrol Rafinerileri A.Ş.	1.103.859	-
Migros Türk T.A.Ş. (*)	-	38.723.036
Palmira Turizm Ticaret A.Ş.	3.170	2.468.389
Diğer	5.322	885.227
	431.303.322	449.262.655
	444.269.733	**468.030.409**

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

NOTE 37 – RELATED PARTY TRANSACTIONS (cont'd)

b) Purchases from related parties:

	1 January- 31 December 2009	1 January- 31 December 2008
Other related parties:		
Ram Dış Ticaret A.Ş	6.536.390	1.275.580
Zer Merkez Hizmetler A.Ş.	5.890.292	-
Tat Tohumculuk A.Ş.	3.843.755	1.690.649
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.819.238	87.815
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	216.124	50.089
Aygaz A.Ş.	164.461	64.427
Migros Türk T.A.Ş. (*)	-	5.371.046
Diğer	530.395	567.752
	19.000.655	**9.107.358**

(*)Sold by the parent company Koç Holding A.Ş. at 30 May 2008.

c) Services obtained from related parties:

	1 January- 31 December 2009	1 January- 31 December 2008
Shareholders:		
Koç Holding A.Ş.	1.282.254	1.230.527
Other related parties:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	11.361.403	10.319.509
Opet Petrolcülük A.Ş.	762.419	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	565.722	770.702
Koç Sistem A.Ş.	415.673	483.563
Koçnet Haberleşme Teknoloji ve İletişim Hiz. A.Ş.	209.706	187.033
Diğer	1.437.482	2.169.632
	14.752.405	**13.930.439**
	16.034.659	**15.160.966**

iii) For the periods ended 31 December 2009 and 2008, the details of financial expenses to related parties are as follows:

a) Interest expenses:

	1 January- 31 December 2009	1 January- 31 December 2008
Other related parties:		
Yapı ve Kredi Bankası A.Ş.	2.334.551	6.788.164
Yapı Kredi Faktoring A.Ş.	2.534.371	1.118.659
	4.868.922	**7.906.823**

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

NOTE 37 – RELATED PARTY TRANSACTIONS (cont'd)

iv) For the periods ended 31 December 2009 and 2008, the details of other income and expenses from/ to related parties are as follows:

a) Rent expense:

	1 January-31 December 2009	1 January-31 December 2008
Other related parties:		
Temel Ticaret ve Yatırım A.Ş.	273.699	209.876

b) Payments to key management:

	1 January-31 December 2009	1 January-31 December 2008
Key management	4.779.710	3.405.078

v) For the periods ended 31 December 2009 and 2008, the details of derivative transactions done with related parties are as follows:

a) Exchange and interest rate swap agreements:

	Swapped amount USD	Swapped amount TL	Interest rate on agreement
Yapı ve Kredi Bankası A.Ş.	30.000.000	45.171.000	12,8%

b) Foreign currency call options:

Bank	Transaction date	Maturity	Amount in USD
Yapı ve Kredi Bankası A.Ş.	23-28 July 2009	15 January-8 March 2010	13.950.000

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

a) Capital risk management

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 parallel to other companies in the sector. 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.

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Cont'd)

a) Capital risk management (cont'd)

	31 December 2009	31 December 2008
Total Liabilities	322.661.957	354.691.430
Less:Cash and cash equivalents (Notes 6)	(534.881)	(339.128)
Net Debt	322.127.076	354.352.302
Shareholders' Equity	198.854.591	158.390.307
Total Capital	520.981.667	512.742.609
Debt Capital Ratio	0,62	0,69

Group management sets policy to keep net debt capital ratio between 0,60 and 0,90.

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.

b) Financial risk factors (cont'd)

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

b) Financial risk factors (cont'd)

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

Credit Risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2009	Related Party	Third Party	Related Party	Third Party	Deposits in banks	Derivative Instruments	Other
Maximum net credit risk as of balance sheet date	81.594.857	66.913.613	-	5.656	527.560	-	-
- The part of maximum risk under guarantee with collateral etc.	-	40.622.855	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	81.594.857	58.877.468	-	5.656	527.560	-	-
B. Net book value of financial assets that 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	-	8.036.145	-	-	-	-	-
- The part under guarantee with collateral etc	-	4.657.781	-	-	-	-	-
D. Net book value of impaired assets	-	2.351.746	-	-	-	-	-
- Past due (gross carrying amount)	-	2.351.746	-	-	-	-	-
- Impairment (-)	-	(2.351.746)	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

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

Credit Risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2008	Related Party	Third Party	Related Party	Third Party	Deposits in banks	Derivative Instruments	Other
Maximum net credit risk as of balance sheet date	73.691.257	63.433.447	-	39.239	329.515	-	-
The part of maximum risk under guarantee with collateral etc.	-	19.639.115	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	73.691.257	63.341.275	-	39.329	329.515	-	-
B. Net book value of financial assets that 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	-	92.172	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	2.311.994	-	-	-	-	-
- Past due (gross carrying amount)	-	2.311.994	-	-	-	-	-
- Impairment (-)	-	(2.311.994)	-	-	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

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

The aging of the past due receivables are as follows :

	Receivables					
31 December 2009	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	2.069.183	-	-	-	-	2.069.183
Past due 1-3 months	406.985	-	-	-	-	406.985
Past due 3-12 months	5.559.977	-	-	-	-	5.559.977
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	8.036.145	-	-	-	-	8.036.145
The part under guarantee with collateral (*)	4.657.781	-	-	-	-	4.657.781

(*) The guarantees taken are composed of mortgages and letter of guarantees.

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk managemen t (cont'd)

The aging of the past due receivables are as follows :

	Receivables					
31 December 2008	**Trade Receivables**	**Other Receivables**	**Deposits in banks**	**Derivative Instruments**	**Other**	**Total**
Past due 1-30 days	92.172	-	-	-	-	92.172
Past due 1-3 months	-	-	-	-	-	-
Past due 3-12 months	-	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	92.172	-	-	-	-	92.172
The part under guarantee with collateral	-	-	-	-	-	-

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management

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

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

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management

31 December 2009

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	256.854.102	259.724.188	121.554.976	45.873.050	92.296.162	-
Trade payables	58.829.214	58.829.214	58.829.214	-	-	-
Payables to related parties	6.978.641	6.978.641	6.978.641	-	-	-
Total liabilities	**322.661.957**	**322.661.957**	**184.473.044**	**45.873.050**	**92.296.162**	**-**

31 December 2008

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	291.651.252	295.636.292	242.307.049	22.935.183	30.394.060	-
Trade payables	53.990.449	53.990.449	53.990.449	-	-	-
Payables to related parties	9.049.729	9.049.729	9.049.729	-	-	-
Total liabilities	**345.691.430**	**358.676.470**	**305.347.227**	**22.935.183**	**30.394.060**	**-**

31 December 2009

Contractual Maturity Analysis	Carrying Value	Total Cash Outflow According to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years(III)	More than 5 Years (IV)
Derivative Financial Liabilities						
Derivative Cash Outflow	(45.473.427)	(48.398.098)	(48.398.098)	-	-	-

31 December 2008

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)
Türev finansal yükümlülükler						
Türev nakit girişleri	46.785.000	38.140.000	38.140.000	-	-	-

NOTE 38 – 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.3.1) 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 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk factors(cont'd)

b.3) Market Risk Management (cont'd)

31 December 2009	Total TL Equivalent	US Dollar	Euro	Other
1. Trade Receivables	11.966.531	8.960.448	3.006.083	-
2.a Monetary Financial Assets	361.925	360.880	783	262
2.b Non-monetary Financial Assets	-	-	-	-
3. Other	1.490.854	1.490.854	-	-
4. Current Assets	13.819.310	10.812.182	3.006.866	262
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8 Non-current assets	-	-	-	-
9. TOTAL ASSETS	13.819.310	10.812.182	3.006.866	262
10. Trade Receivables	(4.509.758)	(2.887.500)	(1.622.258)	-
11. Financial Liabilities	(89.579.484)	(89.579.484)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	(94.089.242)	(92.466.984)	(1.622.258)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(46.296.162)	(46.296.162)	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	(46.296.162)	(46.296.162)	-	-
18. TOTAL LIABILITIES	(140.385.404)	(138.763.146)	(1.622.258)	-
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	66.175.515	66.175.515	-	-
19.a Off-balance sheet foreign currency derivative assets	66.175.515	66.175.515	-	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position	(60.390.579)	(61.775.449)	1.384.608	262
21. Net foreign currency asset / liability position of monetary İtems	(128.056.948)	(129.441.817)	1.384.608	262
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	41.459.097	41.459.097	-	-
25. Import	12.867.397	12.867.397	-	-

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors(cont'd)

b.3) Market Risk Management (cont'd)

31 December 2008	Total TL Equivalent	US Dollar	Euro	Other
1. Trade Receivables	19.182.597	18.768.207	414.390	-
2. a. Monetary Financial Assets	17.603	16.405	762	436
2.b Non-monetary Financial Assets	-	-	-	-
3. Other	2.364.505	2.364.505	-	-
4. Current Assets	21.564.705	21.149.117	415.152	436
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8 Non-current assets	-	-	-	-
9. TOTAL ASSETS	21.564.705	21.149.117	415.152	436
10. Trade Receivables	(4.112.381)	(3.134.801)	(977.275)	(305)
11. Financial Liabilities	(143.661.741)	(140.097.386)	(3.564.355)	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	(147.774.122)	143.232.187)	(4.541.630)	(305)
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16.a Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(147.774.122)	(143.232.187)	(4.541.630)	(305)
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	52.930.500	52.930.500	-	-
19.a Off-balance sheet foreign currency derivative assets	52.930.500	52.930.500	-	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position	(73.278.917)	(69.152.570)	(4.126.478)	131
21. Net foreign currency asset / liability position of monetary İtems	(73.278.917)	(69.152.570)	(4.126.478)	131
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	38.871.292	38.871.292	-	-
25. Import	11.564.443	11.564.443	-	-

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

NOTE 38 – 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

	Profit / (Loss) before tax	
31 December 2009	Appreciation of Foreign currency	Devaluation of Foreign currency
In the case of appreciation of US Dollar at %10 ratio compared to TL		
US Dollar net asset / liability	(12.795.096)	12.795.096
Part of hedged from US Dollar risk (-)	6.617.551	(6.617.551)
US Dollar net effect	(6.177.545)	6.177.545
In the case of appreciation of EURO at %10 ratio compared to TL		
Euro net asset / liability	138.461	(138.461)
Part of hedged from EURO risk (-)	-	-
Euro net effect	138.461	(138.461)
TOTAL	**(6.039.084)**	**6.039.084**

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

Foreign currency sensitivity (cont'd)

	Profit / (Loss) before tax	
31 December 2008	Appreciation of Foreign currency	Devaluation of Foreign currency
In the case of appreciation of US Dollar at %10 ratio compared to TL		
US Dollar net asset / liability	(12.208.307)	12.208.307
Part of hedged from US Dollar risk (-)	5.293.050	(5.293.050)
US Dollar net effect	(6.915.257)	6.915.257
In the case of appreciation of EURO at %10 ratio compared to TL		
Euro net asset / liability	(412.648)	412.648
Part of hedged from EURO risk (-)	-	-
Euro net effect	(412.648)	412.648
TOTAL	**(7.327.905)**	**7.327.905**

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.

The table below shows the details of the outstanding contracts:

Unrealized purchase/sale contracts	Average FX rate		Foreign Currency		Fair Value	
	2009	2008	2009	2008	2009	2008
US Dollar Purchase						
Less than 3 months	-	1,5595	-	30.000.000	-	46.785.000

Unrealized purchase/sale options	Average FX rate		Foreign Currency		Fair Value	
	2009	2008	2009	2008	2009	2008
US Dollar Purchase						
Less than 3 months	1,63	1,5450	13.950.000	5.000.000	-	7.725.000

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

Foreign currency purchase/sale contracts(cont'd)

The detail of foreign currency options receivable as of 31 December 2009 is as shown:

Transaction Date	Maturity	USD Amount
23 - 28 July 2009	15 January – 8 March 2010	13.950.000

The detail of foreign currency options receivable as of 31 December 2008 is as shown:

Transaction Date	Maturity	Amount
11 July 2008	15 January 2009	5.000.000

There is no foreign currency purchase agreements receivable as of 31 December 2009.

The detail of foreign currency purchase agreements receivable as of 31 December 2008 is as shown:

Transaction Date	Maturity	Amount
18 July – 1 August 2008	20 January 2009	30.000.000

Exchange and interest rate clearing agreement:

According to foreign exchange and interest swap agreement made with Yapı ve Kredi Bankası A.Ş. on 6 April 2009, the Group has swapped floating rate loan amounting to 30.000.000 US Dollars with 45.171.000 TL and committed to pay / take the difference between floating interest rate of original loan with fixed interest rate per swap agreement multiplied by the principle amount of the loan. Fair value of interest rate swap agreement is calculated by discounting the future cash flows based on year-end curves and also includes credit risk level of the loan.

The nominal values and maturities of swap agreements committed by the Group are as below:

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 İnterest rate of the agreement TL	Fair value TL
Less than one year	30.000.000	45.171.000	Libor +2,25	12,8%	(2.924.671)

b.3.2) Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

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

NOTE 38 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3.2) Interest Rate Risk Management (cont'd)

Details of Group's financial instruments that are sensitive to interets rates are as follows:

Interest position table

	31 December 2009	31 December 2008
Fixed interest instruments		
Financial Liabilities	116.571.667	147.952.778
Variable interest financial instruments		
Financial Liabilities	140.262.735	143.678.950

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates 1% lower / higher with all other variables held constant, income before income taxes would have been TL 1.839.583 higher / lower as a result of interest expense on floating rate borrowings (2008: 1.400.901 TL).

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

NOTE 39 – FINANCIAL INSTRUMENTS

Financial Instrument Categories

31 December 2009	Financial assets at amortized cost	Loans and Receivables	Available for sale Financial assets	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Carrying Value	Fair Value	Note
Financial Assets									
Cash and cash equivalents	534.881	-	-	-	-	-	534.881	534.881	6
Receivables from related parties	-	81.594.857	-	-	-	-	81.594.857	81.594.857	37
Other trade receivables	-	66.913.613	-	-	-	-	66.913.613	66.913.613	10
Financial Investments	-	-	2.075.554	-	-	-	2.075.554	2.075.554	7
Financial Liabilities									
Financial liabilities	-	-	-	-	256.854.102	-	256.854.102	256.854.102	8
Payables to related parties	-	-	-	-	6.978.641	-	6.978.641	6.978.641	37
Other trade payables	-	-	-	-	58.829.214	-	58.829.214	58.829.214	10
Derivative Instruments	-	-	-	-	-	2.924.671	45.473.427	2.924.671	26

31 December 2008	Financial assets at amortized cost	Loans and Receivables	Available for sale Financial assets	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Carrying Value	Fair Value	Note
Financial Assets									
Cash and cash equivalents	339.128	-	-	-	-	-	339.128	339.128	6
Receivables from related parties	-	73.691.257	-	-	-	-	73.691.257	73.691.257	37
Other trade receivables	-	63.433.447	-	-	-	-	63.433.447	63.433.447	10
Financial Investments	-	-	10.543.256	-	-	-	10.543.256	10.543.256	7
Derivative Instruments	-	-	-	10.074.125	-	-	54.510.000	10.074.125	26
Financial Liabilities									
Financial liabilities	-	-	-	-	291.651.252	-	291.651.252	291.651.252	8
Payables to related parties	-	-	-	-	9.049.729	-	9.049.729	9.049.729	37
Other trade payables	-	-	-	-	53.990.449	-	53.990.449	53.990.449	10

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

NOTE 39 – 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.

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

		Level of fair value as of reporting date		
	31 December	1st Level	2nd Level	3rd Level
Financial assets	2009	TL	TL	TL
Available-for-sale financial assets	2.075.554	-	-	2.075.554
Total	**2.075.554**	**-**	**-**	**2.075.554**
Financial liabilities				
Financial liabilities at fair value through profit or loss	2.924.671	-	2.924.671	-
Total	**2.924.671**	**-**	**2.924.671**	**-**

		Level of fair value as of reporting date		
	31 December	1st Level	2nd Level	3rd Level
Financial assets	2008	TL	TL	TL
Financial assets at fair value through profit or loss	10.074.125	-	10.074.125	-
Available-for-sale financial assets	10.543.256	-	-	10.543.256
Total	**20.617.381**	**-**	**10.074.125**	**10.543.256**

NOTE 40 - SUBSEQUENT EVENTS

The Group has paid first principal payment, amounting to USD 8.000.000, of three-year maturity foreign currency loan which amounts to USD 40.000.000. As of the payment date, 15 January 2010, interest rate was lowered from Libor+5,25% to Libor+3,45%.

NOTE 41 - THE OTHER SIGNIFICANT ISSUES AFFECTING THE FINANCIAL STATEMENT OR THE OTHER ISSUES REQUIRED FOR CLARIFICATION OF FINANCIAL STATEMENTS

The Group has rearranged its financial statements as of 31 December 2005 with the amendments to IAS 39 Available-for-sale financial assets. According to the revision profit and loss from available-for-sale financial assets have to be included in the shareholders' equity until the removal of these assets from the financial statements. Therefore, the Group used the related change in accounting policy retrospectively and prior periods' disclosed comparative amounts were readjusted in accordance with new accounting policy. Accumulated profit of year 2004, amounting to 4.396.908 TL has been adjusted to "Revaulation fund on financial assets" account in the opening balance of the current period. The related adjustment has no effect on total equity, previous periods' profits and profit distributions.

The Group, when arranging the financial statement as of 31 December 2008 according to IAS 40 "Investment Property", presented the real estates in Yenişehir county, Bursa, with the carrying value amounting to 3.199.304 TL in financial statements under the "Tangible Assets", which should have classifed as "Invesment Property". In the accompanying financial statements starting from year 2008 real estates were classified into investment property account retrospectively. The related adjustment has no effect on total equity, previos periods' profits and profit distributions.

Due to unintentional transition between "meat and meat products" and "tomato paste and canned foods" in "segment assets" for the year ended 31 December 2008, necessary corrections were made in note 5.b of the accompanying financial statements.

Financial borrowings which are obtained as a part of loan cotract signed by Koç Holding A.Ş. in order to be used by Koç Topluluğu companies amounting to 30.000.000 USD (45.171.000 TL) is used by the Company under the title of sub debtor. Accordingly, related party loans and interest expenses, which were previously disclosed under note 37 in financial statements for the year ended 31 December 2008 and amounting to 93.269.968 TL and 2.868.089 TL respectively, were removed from Note 37 in current periods financial statements.