Pınar Su Sanayi ve Ticaret A.Ş.

Balance Sheets at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience Translation into English of Financial Statements Originally Issued in Turkish

	Notes	31 December 2012	31 December 2011
ASSETS			
Current Assets:		**33.588.699**	**22.944.185**
Cash and Cash Equivalents	6	561.129	1.817.495
Trade Receivables		13.572.914	10.359.017
- Due from Related Parties	37	2.220.837	1.152.356
- Other Trade Receivables	10	11.352.077	9.206.661
Other Receivables		10.935.355	4.500.419
- Due from Related Parties	37	10.314.246	3.992.730
- Other Receivables	11	621.109	507.689
Inventories	13	6.199.999	3.780.120
Other Current Assets	26	2.319.302	2.487.134
Non-current Assets:		**85.528.028**	**79.990.123**
Other Receivables	11	1.800	1.800
Financial Assets	7	21.716.172	16.915.571
Property, Plant and Equipment	18	62.092.156	62.815.863
Intangible Assets	19	132.021	236.408
Other Non-current Assets	26	1.585.879	20.481
TOTAL ASSETS		**119.116.727**	**102.934.308**

The financial statements at 31 December 2012 and for the year then ended have been approved for issue by the Board of Directors of Pınar Su Sanayi ve Ticaret A.Ş. on 14 March 2013.

The accompanying notes are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Balance Sheets at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience Translation into English of Financial Statements Originally Issued in Turkish

	Notes	31 December 2012	31 December 2011
LIABILITIES			
Current Liabilities:		**33.534.225**	**21.653.906**
Financial liabilities	8	7.975.586	1.776.607
Trade Payables		22.315.164	17.038.738
- Due to Related Parties	37	482.045	832.131
- Other Trade Payables	10	21.833.119	16.206.607
Other Payables		34.348	64.513
- Due to Related Parties	37	10.335	11.443
- Other Payables	11	24.013	53.070
Provisions	22	1.826.377	2.322.635
Other Current Liabilities	26	1.382.750	451.413
Non-current Liabilities:		**7.430.945**	**7.878.270**
Financial Liabilities	8	156.778	945.748
Trade Payables	10	-	75.066
Provision for Employment Termination Benefits	24	1.502.602	847.798
Deferred Income Tax Liabilities	35	5.771.565	6.009.658
TOTAL LIABILITIES		**40.965.170**	**29.532.176**
EQUITY		**78.151.557**	**73.402.132**
Share Capital	27	12.789.345	12.789.345
Adjustment to Share Capital	27	11.713.515	11.713.515
Revaluation Reserve		38.412.857	33.759.186
- Revaluation Reserve	18	24.073.850	23.698.062
- Fair Value Reserves of Available-for-sale Investments	7	14.339.007	10.061.124
Restricted Reserves	27	4.180.008	4.180.008
Retained Earnings		10.939.662	11.830.983
Net Profit/(Loss) for the Year		116.170	(870.905)
TOTAL LIABILITIES AND EQUITY		**119.116.727**	**102.934.308**

The accompanying notes are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Comprehensive Income for the Years Ended at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience Translation into English of Financial Statements Originally Issued in Turkish

	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Revenue	28	99.691.742	78.918.213
Cost of Sales	28	(53.112.036)	(44.859.196)
GROSS PROFIT	28	**46.579.706**	**34.059.017**
Marketing, Selling and Distribution Expenses	29	(37.601.348)	(30.179.045)
General administrative Expenses	29	(11.160.282)	(9.387.606)
Other Operating Income	31	1.082.634	3.582.279
Other Operating Expenses	31	(293.859)	(514.114)
OPERATING LOSS		**(1.393.149)**	**(2.439.469)**
Finance Income	32	2.497.866	2.186.843
Finance Expense	33	(991.027)	(1.164.609)
PROFIT/(LOSS) BEFORE TAXATION ON INCOME		**113.690**	**(1.417.235)**
Income Tax Income		2.480	546.330
- Taxes on Income	35	(544.356)	(250.492)
- Deferred Tax Income	35	546.836	796.822
NET PROFIT/(LOSS) FOR THE YEAR		**116.170**	**(870.905)**
Other comprehensive income:			
Increase/(Decrease) in Fair Value Reserves of Available-for-sale Investments	7	4.536.334	(6.023.766)
Increase in Revaluation Reserve	18	-	12.759.165
Tax Expense on Other Comprehensive Income/(Expense) - net	35	(258.451)	(1.986.495)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**4.277.883**	**4.748.904**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4.394.053**	**3.877.999**
EARNINGS/(LOSS) PER SHARE (100 shares with a TL1 face value)	**36**	**0,0091**	**(0,0681)**

The accompanying notes are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Changes in Equity at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience Translation into English of Financial Statements Originally Issued in Turkish

	Share capital	Adjustment to share capital	Revaluation reserves	Fair value reserve of available-for sale investments	Restricted reserves	Retained earnings	Net profit/(loss) for the year	Total equity
Balances at 1 January 2011	**12.789.345**	**11.713.515**	**14.482.577**	**15.668.352**	**3.671.061**	**10.611.582**	**3.789.250**	**72.725.682**
Transfer of net profit for prior year to retained earnings	-	-	-	-	-	3.789.250	(3.789.250)	-
Legal and extraordinary reserves	-	-	-	-	508.947	(508.947)	-	-
Dividends paid (Note 27 and 37.ii.h)	-	-	-	-	-	(3.201.549)	-	(3.201.549)
Total comprehensive income/ (expense)	-	-	10.356.132	(5.607.228)	-	-	(870.905)	3.877.999
Depreciation transfer - net (Note 18)	-	-	(1.140.647)	-	-	1.140.647	-	-
Balances at 31 December 2011- as previously reported	**12.789.345**	**11.713.515**	**23.698.062**	**10.061.124**	**4.180.008**	**11.830.983**	**(870.905)**	**73.402.132**
Correction (Note 2.3.12.b)	-	-	1.692.836	-		(1.337.464)	-	355.372
Balances at 1 January 2012- as corrected	**12.789.345**	**11.713.515**	**25.390.898**	**10.061.124**	**4.180.008**	**10.493.519**	**(870.905)**	**73.757.504**
Transfer of prior year loss to accumulated losses	-	-	-	-	-	(870.905)	870.905	-
Total comprehensive income	-	-	-	4.277.883	-	-	116.170	4.394.053
Depreciation transfer - net (Note 18)	-	-	(1.317.048)	-		1.317.048	-	-
Balance at 31 December 2012	**12.789.345**	**11.713.515**	**24.073.850**	**14.339.007**	**4.180.008**	**10.939.662**	**116.170**	**78.151.557**

The accompanying notes are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Cash Flows for the Years Ended at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience Translation into English of Financial Statements Originally Issued in Turkish

	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Cash flows from operating activities:			
Profit/(Loss) before taxation on income		113.690	(1.417.235)
Adjustments to reconcile profit/(loss) before taxation on income to net cash generated from operating activities:			
Depreciation and amortisation	18-19	5.030.584	4.539.300
Profit on sales on property, plant and equipment	31	(166.244)	(156.983)
Interest income	32	(988.541)	(769.113)
Interest expense	33	401.588	108.479
Provision for employment termination benefits	24	761.024	246.225
Reversal of impairment on inventory	31	-	(78.751)
Unutilised provision for impairment of receivables	31	-	(31.665)
Provision for doubtful receivables	31	35.073	161.494
Provision for spring water fee charge	22	3.101.159	2.163.138
Reversal of provision for litigation	31	-	(1.861.766)
Dividend income	31	(808.643)	(1.286.250)
Reversal of impairment on property, plant and equipment	31	-	(83.600)
Unrealized foreign exchange loss/(gain)		(462.257)	427.854
Net cash before the changes in assets and liabilities		**7.017.433**	**1.961.127**
Changes in assets and liabilities			
Increase in trade receivables	10	(2.180.489)	(1.348.384)
Increase in inventories	13	(2.419.879)	(711.377)
Increase in due from related parties	37	(1.068.481)	(94.176)
Increase in other receivables and other current assets		(947.265)	(27.886)
Increase in trade payables	10	5.551.446	6.652.317
Decrease in due to related parties	37	(351.194)	(52.329)
Increase/(Decrease) in other debt and liabilities		884.863	(147.830)
Collection of receivables	31	-	31.665
Employee termination benefits paid	24	(106.220)	(144.317)
Taxes paid	35	(1.106.126)	(346.513)
Litigations charges paid		(3.580.000)	(1.052.951)
Net cash generated from operating activities		**1.694.088**	**4.719.346**
Cash flows from investing activities:			
Interest received	32	988.541	769.113
Dividends received	37.ii.g	808.643	1.286.250
(Decrease)/Increase in non-trade receivables from related parties	37	(6.321.516)	2.469.630
Purchases of property, plant and equipment and intangible assets	18-19	(4.293.616)	(4.267.894)
Proceeds from sales of property, plant and equipment	31	663.034	484.719
Contribution to capital increase of available-for-sale investment	7	(264.267)	(253.846)
Net cash (used in)/generated from investing activities		**(8.419.181)**	**487.972**
Cash flows from financing activities:			
Increase in financial liabilities		7.560.413	977.520
Redemption of borrowings		(1.688.147)	(1.979.941)
Dividends paid	37.ii.h	-	(3.201.549)
Interest paid		(401.588)	(113.239)
Net cash generated from/(used in) financing activities		**5.470.678**	**(4.317.209)**
Net (decrease)/increase in cash and cash equivalents		**(1.254.415)**	**890.109**
Effect of foreign exchange on cash and cash equivalents		(1.951)	11.836
Cash and cash equivalents, at the beginning of year		**1.817.495**	**915.550**
Cash and cash equivalents, at the end of year	6	**561.129**	**1.817.495**

The accompanying notes are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2012 and 2011

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Su Sanayi ve Ticaret A.Ş. (the "Company") is engaged in the production of bottled water under the brand name "Pınar Yaşam Pınarım". The Company's production facilities are located in Aydın, Isparta and Sakarya whereas the Company's headquarter is located in Izmir.

Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by Yaşar Dış Ticaret A.Ş. ("Yataş"), which is Yaşar Group company (Note 37).

The Company is subject to the regulations of Turkish Capital Markets Board ("CMB") and 31,78% (2011: 31,78%) of its shares are quoted on the Istanbul Stock Exchange ("ISE") as at 31 December 2012. The ultimate parent of the Company is Yaşar Holding A.Ş ("Yaşar Holding") with 58.00% of shares of the Company (2011: 58,00%) (Note 27).

The Company is registered in Turkey and the address of the registered head office is as follows:

Şehit Fethibey Caddesi No:120

Alsancak/İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

The financial statements of the Company have been prepared in accordance with the financial reporting standards issued by the Turkish Capital Market Board ("CMB").

The CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué XI, No: 29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué XI, No: 25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Public Oversight Accounting and Auditing Standards Board ("POAASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the POAASB, which do not contradict with the aforementioned standards shall be applied.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards accepted by the CMB ("the CMB Financial Reporting Standards"). Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by POAASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcements in weekly newsletters including the mandatory disclosures. Within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, enterprises are obliged to present hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 38).

Other than land, buildings and land improvements, machinery and equipments and financial assets and liabilities carried at their fair values, financial statements are prepared based on historical cost convention and in terms of Turkish Lira ("TL") which is the functional and reporting currency of the Company.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2012 and 2011

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in International Financial Reporting Standards

a) Amendments and new standards and interpretations issued and effective have not been presented since they are not relevant to the operations of the Company or have immaterial effects.

b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company:

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains and losses arising from the calculations of provision for employment termination benefits will be classified under other comprehensive income without having an effect on the net profit/loss for the year. The Company is yet to assess IAS 19's full impact. The Company will apply the amendment since 1 January 2013 retrospectively.
- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income, 1 July 2012, The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Company is yet to assess IAS 1's full impact.
- IFRS 9, "Financial instruments", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement, and recognition of financial assets and financial liabilities. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed.
- IFRS 12, "Disclosures of Interests in Other Entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose instruments and other off balance sheet instruments. The Company is yet to assess IFRS12's full impact.
- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The Company is yet to assess IFRS 13's full impact.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 "Joint arrangements". The amendment does not have a significant impact on the Company's financial statements.
- IAS 32 (amendment), "Financial instruments: Presentation", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have a significant impact on the Company's financial statements.
- IFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The amendment does not have a significant impact on the Company's financial statements.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted:

- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is no longer allowed.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies

Significant accounting policies followed in the preparation of the financial statements are summarised below:

2.3.1 Revenue Recognition

Revenues are recognised on an accrual basis at the time deliveries are made, services are given and significant risks and rewards are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, sales discounts and commissions given. (Note 28)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods:

Sales of goods are recognised when the Company has delivered or sold products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the Company's policy to sell its products to the customers with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Interest income:

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income:

Dividend income is recognised when the Company's right to receive payment is established.

2.3.2 Inventory

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of purchase of material and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on the monthly weighted average basis (Note 13).

2.3.3 Property, plant and equipment

The Company's land and land improvements and buildings are stated at fair value, based on valuations by Elit Gayrimenkul Değerleme A.Ş. whereas machinery and equipment are stated at fair value, based on valuations by Vakıf Gayrimenkul Ekspertiz ve Değerlendirme A.Ş. as of 31 December 2011. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Property, plant and equipment, except for land and land improvements, buildings, machinery and equipment, acquired before 1 January 2005 are carried at cost, in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, as of 31 December 2012 (Note 18).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Increases in the carrying amount arising on the revaluation of property, plant and equipment are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to the accumulated losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is restated to the revalued amount of the asset.

Depreciation is provided on the restated or revalued amounts of property, plant and equipment on a straight-line basis (Note 18). Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipments are as follows:

Buildings and land improvements	25-45 years
Machinery and equipments	5-25 years
Motor vehicles	5 years
Furniture and fixtures	5-10 years

Property, plant and equipment are capitalised and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. Residual values of property, plant and equipment are deemed as negligible. The advances given for the property, plant and equipment purchases are classified under other non-current assets until the related asset is capitalised (Note 26). The assets' recoverable amounts and useful lives are reviewed, and adjusted prospectively, if applicable, at each balance sheet date (Note 2.3.12.a).

Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 2.3.5). The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate (Note 31). On the disposal of revalued assets, amounts in the revaluation reserve related to that asset are transferred to the retained earnings.

2.3.4 Intangible assets

Intangible assets have finite useful lives and comprise of acquired rights, information systems and software. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortisation and permanent impairment losses if any. Residual values of intangible assets are deemed as negligible. Intangible assets are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition. Gains or losses on disposals or impairments of intangible assets with respect to their amounts are included in related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 2.3.5).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.5 Impairment of assets

i. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset (Note 35). When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amounts of intangible assets not yet available for use to be measured annually. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset’s net selling price or value in use. Impairment losses are accounted for in the statement of comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognized.

ii. Impairment of financial assets

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The amount of the loss is the difference between the asset’s carrying amount and the amount that is collectable. The collectable amount is the estimated all future cash flows, including collectable amounts from guarantees and various insurances, discounted at the financial asset’s original effective interest rate.

2.3.6 Borrowing and borrowing cost

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 33). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 8).

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. According to IAS 23 (Revised), borrowing costs of qualifying assets having capitalisation date 1 January 2009 or later, can be capitalised, based on borrowing cost of qualifying asset, directly or as an asset acquisition or with an extent to associate directly with production, these borrowing costs should be capitalised as a part of cost of related asset.

2.3.7 Financial assets

The Company classifies its financial assets in the following categories: financial assets (at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

a) Loans and receivables

Loans and receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. Loans and receivables arise, without held-for-sale intention, from the Company's supply of goods, service or direct fund to any debtor. If the maturity of these instruments are less than 12 months, these loans and receivables are classified in current assets and if more than 12 months, classified in non-current assets. The loans and receivables are included in trade receivables and other receivables in the balance sheet. Loans are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans and receivables are stated at amortised cost using the effective yield method less any impairment, if any.

b) Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale financial assets. These are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The Company management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investments, and subsequently carried at fair value. The financial assets which the Company has shares less than 20% and are classified as available-for-sale investments are carried at market value when there is quoted market price, they are carried at fair value by using generally accepted valuation techniques, when there is no active market for the financial asset. When there is no quoted market price, and when a reasonable estimate of fair value could not be determined as a result of being other methods inappropriate and unworkable, available-for-sale investments acquired before 1 January 2005 are carried at cost expressed in purchasing power of TL as at 31 December 2004 and available-for-sale investments acquired after 1 January 2005 are carried at cost, less impairment losses, if any (Note 7). Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are recognized in the equity, rather than statement of comprehensive income until the related financial asset is derecognized. Change in fair value of available-for-sale investments is calculated as the difference between the discounted acquisition cost and the current fair value. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of other income when the Company's right to receive payments is established.

When securities classified as available-for-sale are derecognized, the accumulated fair value adjustments in equity are recognized in the statement of comprehensive income. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered as an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss-is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on investments are not reversed through the statement of comprehensive income.

The Company does not have financial assets that associated with change in fair value of the statement of comprehensive income and not to held to maturity.

2.3.8 Foreign currency translations and balances

Transactions in foreign currencies during the year 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 the exchange rates prevailing at the balance sheet dates The exchange differences that were recorded are recognised in the statements of comprehensive income as part of the profit for the year.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.9 Earnings/(loss) per share

Earnings/(loss) per share disclosed in the statement of comprehensive income are determined by dividing net profit/(loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 36). Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.3.10 Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorised for issue (Note 40).

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.3.11 Provisions, contingent assets and contingent 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 treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 22).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

2.3.12 Accounting policies, errors and changes in accounting estimates

Material changes in accounting policies and accounting errors are applied on a retrospective basis as if a prior period error had never occurred or the policy had always been applied. The effect of change in accounting estimate shall be recognized prospectively by including it in the statement of comprehensive income within the period of the change, if the change affects that period only; or period of the change and future periods, if the change affects both.

a) The followings are the changes in accounting estimates effective since 1 January 2012:

The Company management assessed the useful lives of property, plant and equipments and changed useful lives of buildings as of 1 January 2012. The effect of change in accounting estimate is recognised prospectively. Had the Company management not change the estimation, the depreciation expense for the year ended 31 December 2012, would be higher by TL740.024. Useful lives of buildings and land improvements, and, machinery and equipment have been updated as follows:

	Estimated Useful Lives	
	Before Change	After Change
Buildings and land improvements	12-40	25-45 years
Machinery and equipment	2-20	5-25 years

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

b) Prior year corrections:

In 2012, the Company made certain corrections regarding measurement of property, plant and equipments, intangible assets, deferred income tax and revaluation fund in prior years. The Company, according to IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), corrected them without restating prior year financial statements on the grounds of materiality as of 1 January 2012 as follows:

	1 January 2012
Understatement in property, plant and equipment (Note 18)	396.660
Understatement in intangible assets (Note 19)	9.004
Understatement in deferred income tax liability (Note 35)	(50.292)
Overstatement in revaluation fund (Note 18)	(1.692.836)
Total effect on retained earnings	1.337.464
Total effect on equity	355.372

2.3.13 Related parties

For the purpose of the financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar family members who are the ultimate parent of the Company, Yaşar Group Companies, fellow subsidiaries, key management personnel and board members and their close family members, together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 37).

2.3.14 Leases

i. Financial Leases

Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised 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. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

ii. Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the lease term.

2.3.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who takes strategic decisions on allocating resources and assessing performance of the operating segments, has been identified as the key management.

The chief operating decision makers regularly monitor and review the operational results based on the main products' performances in domestic and foreign markets. However, as the nature of the products, production processes, type of customers, distribution methods and regulatory environment for the operations of the Company are identical, and the operations performed in foreign markets is not significant, there is a single reportable segment, and segment reporting is not applicable.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.16 Taxation on income

The tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date (Note 35). The adjustments related to prior period tax liabilities are recognised in other operating expenses. Deferred income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In case, when the tax is related to items recognized directly in equity or in other comprehensive income, the tax is also recognized in equity.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 35).

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly (Note 35).

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level (Note 35).

2.6.17 Employee benefits/Provision for employment termination benefits

In accordance with existing social security legislation and Turkish Labour Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service. Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method (Note 24). All actuarial gains and losses are recognized in the statements of comprehensive income.

2.3.18 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investing and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investing activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.3.19 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on ordinary shares are recognized as an appropriation of the profit in the period in which they are declared. Dividend income is recognised when the Company's right to receive the payment established.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.4 Critical accounting estimates and judgements

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

i) Revaluation of land, buildings and land improvements, machinery and equipments

As of 31 December 2012, land and land improvements, buildings, machinery and equipment were stated at fair value less subsequent depreciation of land improvements, buildings, machinery and equipment, based on valuations performed by external independent valuer namely Elit Gayrimenkul Değerleme A.Ş. and Vakıf Gayrimenkul Değerleme A.Ş. based on the Company's assumption that those values do not significantly differ from their fair values as of 31 December 2011 (Note 18). Some revaluation techniques and assumptions are used in fair value determinations of land and land improvements, buildings, machinery and equipment. The carrying values of land, land improvements, buildings and machinery and equipment do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties and the impact of differences will be reflected in the financial statements during the financial period in which they are incurred.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties. The effects of such transactions would be recognised in the financial statements on a prospective basis.

ii) Fair value determination of available-for-sale investments

The generally accepted valuation techniques used in fair value determination of available-for-sale investments for which there is no quoted market price exists, consist of several assumptions, which are based on the management's best estimates and fair value available-for-sale investments could be different when the purchase/sales of the transactions incurred (Note 7).

iii) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

2.5 Comparative information

Financial statements of the Company are prepared in comparison with prior financial period in order to enable determination of the financial situation and performance trends. The Company has prepared its balance sheet as of 31 December 2012 in comparison with the balance sheet as of 31 December 2011; and its statement of comprehensive income, cash flow and changes in equity in 1 January - 31 December 2012 financial period in comparison with 1 January - 31 December 2011 financial period.

Company has made a classification change amounted to TL2.163.138 related to spring water legal fee between cost of goods sold in comprehensive income and other operating expenses as of 31 December 2011 (Note 28 and 31.b). Aforementioned classification has no impact on accumulated losses, operation and losses for the financial year of related period.

2.6 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

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NOTE 3 - BUSINESS COMBINATIONS

None (2011: None).

NOTE 4 - JOINT VENTURES

None (2011: None).

NOTE 5 - SEGMENT REPORTING

Please see Note 2.3.15.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash in hand	24.704	10.802
Banks		
- Demand deposits	128.910	205.651
- Local currency	79.090	132.996
- Foreign currency	49.820	72.655
- Time deposit	210.000	1.535.000
- Local currency	210.000	1.535.000
Other	197.515	66.042
	561.129	**1.817.495**

Time deposits are denominated in TL, all mature in less than one month (2011: less than one month) and bear the effective weighted average interest rate of 8,15% per annum ("p.a.") (2011: 11,40% per annum). Other cash and cash equivalents includes the credit cards slips held blocked at banks with an average term of 30 days (2011: 30 days).

Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, the credit quality of banks is sufficient. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 7 - FINANCIAL ASSETS

Available-for-sale investments:

	31 December 2012		31 December 2011	
	Carrying amount (TL)	Share (%)	Carrying amount (TL)	Share (%)
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	18.952.683	4,74	14.627.242	4,74
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	1.466.552	6,07	1.251.962	6,07
Viking Kağıt ve Selüloz A.Ş. ("Viking Kağıt")	676.923	1,69	690.462	1,69
Yataş	620.014	1,76	345.905	1,76
	21.716.172		**16.915.571**	

Viking Kağıt is stated at quoted market prices as they are listed on Borsa İstanbul; YBP, Yataş and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors.

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NOTE 7 - FINANCIAL ASSETS (Continued)

The discount and growth rates used in discounted cash flow models as at 31 December 2012 and 2011 are as follows:

	Discount rate		Growth rate	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
YBP	8,60%	10,06%	1%	1%
Yataş	7,58%	11,06%	0%	0%
Desa Enerji	9,60%	11,06%	0%	0%

Movements of available-for-sale investments in 2012 and 2011 are as follows:

	2012	2011
1 January	**16.915.571**	**22.685.491**
Contribution to capital increase:		
Yataş	264.267	-
Viking Kağıt	-	253.846
Shareholding rate decrease:		
YBP	-	(154.296)
Fair value increase/(decrease)		
YBP	4.325.441	(5.100.473)
Desa Enerji	214.590	12.403
Yataş	9.842	(122.896)
Viking Kağıt	(13.539)	(658.504)
31 December	**21.716.172**	**16.915.571**

Movements of fair value reserves of available-for-sale investment are as follows:

1 January	**10.061.124**	**15.668.352**
Increase in fair value	4.549.873	12.403
Decrease in fair value and shareholding rate	(13.539)	(6.036.169)
Deferred income tax on available-for-sale investments (Note 35)	(258.451)	416.538
31 December	**14.339.007**	**10.061.124**

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NOTE 8 - FINANCIAL LIABILITIES

	Effective weighted average interest rate p.a. (%)		Original foreign currency		TL equivalent	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Short-term financial liabilities:						
TL bank borrowings (*)	-	-	66.463	-	66.463	-
USD bank borrowings (**)	5,75	-	4.011.500	-	7.150.900	-
Short-term portion of long-term financial liabilities:						
EUR bank borrowings (***)	3,46	3,43	322.415	726.985	758.223	1.776.607
Total short-term financial liabilities					**7.975.586**	**1.776.607**
Long-term financial liabilities:						
EUR bank borrowings (***)	4,50	3,41	66.666	387.000	156.778	945.748
Total long-term financial liabilities:					**156.778**	**945.748**

(*) TL denominated short-term bank borrowings as of 31 December 2012 consists of interest-free spot (2011: None).

(**) USD denominated bank borrowings consist of borrowings with fixed interest rate 5.75%. p.a. The borrowings are transferred to Yaşar Holding with the same financial terms. (2011: None).

(***) EUR denominated bank borrowings consist of borrowings with semi-annually floating interest rates of Euribor+0.50% p.a. and borrowings with fixed interest rate 4.50% p.a. (2011: borrowings with semi-annually floating interest rates of Euribor+0.50% p.a. and borrowings with fixed interest rates between 4.50% and 4.86% p.a.).

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

In 2012, the Company obtained a loan from a domestic financial institution amounting to USD4 million maturing in 2013. Interest rate of the loan was determined as annually interest rate of 5.75% p.a. and principal payments of the borrowing will be made on maturity date. Interest payments of the borrowing are made quarterly in four equal payments starting from the date when the borrowing is obtained. Yaşar Group company Yataş, have undersigned this loan agreement as the guarantors of this borrowing obtained.

The redemption schedule of long-term bank borrowings at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
2014	-	782.827
2015	156.778	162.921
	156.778	**945.748**

As of 31 December 2012 and 2011, the carrying amounts of the borrowings with floating and fixed interest rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	3 months to 1 year	Total
31 December 2012:		
Borrowings with floating interest rates	440.805	440.805
Borrowings with fixed interest rates	-	7.691.559
	440.805	**8.132.364**
31 December 2011:		
Borrowings with floating interest rates	1.370.972	1.370.972
Borrowings with fixed interest rates	-	1.351.383
	1.370.972	**2.722.355**

The carrying amounts and fair values of borrowings were as follows:

	Carrying Amounts		Fair Values	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Bank borrowings	8.132.364	2.722.355	8.527.107	2.765.340

The fair value of bank borrowings is based on cash flows discounted using the weighted effective rate based on the borrowing rate of 0,14% p.a for EUR.,0,31% p.a. for USD and 5,67% p.a. for TL (2011:1,42% p.a for EUR denominated bank borrowings).

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2011: None).

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
a) Short-term trade receivables:		
Customer current accounts	7.327.225	5.419.452
Cheques and notes receivables	4.892.630	4.691.229
	12.219.855	**10.110.681**
Less: Provision for impairment of receivables	(832.375)	(797.302)
Unearned finance income	(35.403)	(106.718)
	11.352.077	**9.206.661**

At 31 December 2012, the effective weighted average interest rate applied to trade receivables is 7,63% p.a. (2011: 11,01% p.a.) and average collection terms of trade receivables are within 2 months (2011: 2 months).

The aging of trade receivables as of 31 December 2012 and 2011 are as follows:

Overdue	1.629.641	1.347.586
0-30 days	4.151.005	3.254.457
31-60 days	3.538.783	3.138.593
61-90 days	1.168.364	735.032
91 days and over	864.284	730.993
	11.352.077	**9.206.661**

Concentrations of credit risk with respect to trade receivables are limited due to the Company's widely dispersed customer base, covering the spectrum of manufacturing and distribution and the variety of available end markets in which they sell. The Company's past experience in collection of accounts receivable falls within the recorded allowances. Due to this fact, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables. The aging and credit risk analysis of overdue receivables as of 31 December 2012 and 2011 are disclosed in Note 38.a.

The aging of overdue receivables as of 31 December 2012 and 2011 are as follows:

	2012	2011
0-90 days	1.554.759	1.303.489
91-180 days	74.882	44.097
	1.629.641	**1.347.586**

As of 31 December 2012, trade receivables of TL1.629.641 (2011: TL1.347.586) were past due and the Company holds collateral amounting to TL823.053 (2011: TL586.427) as security for such receivables.

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements in the provision for impairment of receivables can be analysed as follows:

	2012	2011
1 January	**(797.302)**	**(667.473)**
Charged to the statement of comprehensive income (Note 31.b)	(35.073)	(161.494)
Collections (Note 31.a)	-	31.665
31 December	**(832.375)**	**(797.302)**

	31 December 2012	31 December 2011
b) Short-term trade payables:		
Supplier current accounts	21.946.303	16.321.316
Less: Unincurred finance cost	(113.184)	(114.709)
	21.833.119	**16.206.607**

Short-term trade payables mainly consists of payables to raw material for bottled water and transportation suppliers as of 31 December 2012 and 2011. At 31 December 2012, the effective weighted average interest rate applied to short-term trade payables is 7,53% p.a. (2011: 11,01% p.a.) and short term trade payables mature within 2 months (2011: 2 months). TL5.322.564 (2011: TL5.013.055) of trade payables are overdue for one month on average as of 31 December 2012 (2011: one month).

c) Long-term trade payables:

Long term trade payables amounting to TL75.066 are comprised of payables due to fixed asset purchases and matures within 2013 as of 31 December 2011.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
a) Other short-term receivables:		
Value added tax ("VAT") receivables	594.692	485.838
Deposits and guarantees given	26.105	20.075
Other	312	1.776
	621.109	**507.689**

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2012	31 December 2011
b) Other long-term receivables:		
Deposits and guarantees given	1.800	1.800
	1.800	**1.800**
c) Other short-term payables:		
Deposits and guarantees received	13.039	23.039
Payables to personnel	10.974	30.031
	24.013	**53.070**

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2011: None).

NOTE 13 - INVENTORIES

	31 December 2012	31 December 2011
Raw materials	2.250.343	1.099.853
Finished goods	1.419.118	778.283
Demijohn stocks	858.019	550.296
Pallet stocks	685.604	474.737
Spare parts	918.131	828.530
Other	68.784	48.421
	6.199.999	**3.780.120**

Cost of inventories recognized as expense and included in cost of sales amounted to TL32.156.119 (2011: TL27.256.124) (Note 30). Raw materials mainly consist of materials and packaging materials which are used to produce bottled water. The other inventory items are valued at their costs.

NOTE 14 - BIOLOGICAL ASSETS

None (2011: None).

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES

None (2011: None).

NOTE 16 - INVESTMENT IN ASSOCIATE ACCOUNTED BY EQUITY ACCOUNTING

None (2011: None).

NOTE 17 - INVESTMENT PROPERTY

None (2011: None).

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 31 December 2012 were as follows:

	1 January 2012	Additions (*)	Disposals (*)	31 December 2012
Cost/revaluation				
Land	6.984.000	-	-	6.984.000
Buildings and land improvements	15.505.000	1.438.316	-	16.943.316
Machinery and equipment	35.660.000	556.960	-	36.216.960
Motor vehicles	462.822	-	(151.821)	311.001
Furniture and fixtures	12.406.733	2.279.893	(293.996)	14.392.630
	71.018.555	**4.275.169**	**(445.817)**	**74.847.907**
Accumulated depreciation				
Buildings and land improvements	-	(633.706)	-	(633.706)
Machinery and equipment	-	(3.217.934)	-	(3.217.934)
Motor vehicles	(437.193)	(7.542)	151.814	(292.921)
Furniture and fixtures	(7.765.499)	(1.024.293)	178.602	(8.611.190)
	(8.202.692)	**(4.883.475)**	**330.416**	**(12.755.751)**
Net book value	**62.815.863**			**62.092.156**

(*) Please see Note 2.3.12.b.

Additions to the property, plant and equipment within the year 2012 mainly consist of machinery and warehouse investments related with bottled water production. Additions to furnitures and fixtures are mainly related with the addition of water dispensers, steel and plastic racks.

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 31 December 2011 were as follows:

	1 January 2011	Additions	Disposals	Transfers	Revaluation	Reversal of impairment (Note 31.a)	31 December 2011
Cost/revaluation							
Land	5.992.000	-	-	-	992.000	-	6.984.000
Buildings and land improvements	13.816.514	25.170	-	-	1.663.316	-	15.505.000
Machinery and equipment	33.177.725	1.168.059	(67.109)	1.297.725	-	83.600	35.660.000
Motor vehicles	462.822	-	-	-	-	-	462.822
Furniture and fixtures	11.194.621	1.629.151	(417.039)	-	-	-	12.406.733
Construction in progress	-	1.297.725	-	(1.297.725)	-	-	-
	64.643.682	**4.120.105**	**(484.148)**	**-**	**2.655.316**	**83.600**	**71.018.555**
Accumulated depreciation							
Buildings and land improvements	(1.457.131)	(737.722)	-	-	2.194.853		-
Machinery and equipment	(4.994.782)	(2.934.347)	20.133	-	7.908.996	-	-
Motor vehicles	(389.414)	(47.779)	-	-	-	-	(437.193)
Furniture and fixtures	(7.121.803)	(779.975)	136.279	-	-	-	(7.765.499)
	(13.963.130)	**(4.499.823)**	**156.412**	**-**	**10.103.849**	**-**	**(8.202.692)**
Net book value	**50.680.552**						**62.815.863**

The Company eliminated the accumulated depreciation against the gross carrying amount of the relevant asset, in line with IAS 16 "Property, plant and equipment" and accordingly revised the movements of property, plant and equipment for the comparative period, accordingly.

Additions to the property, plant and equipment within the year 2011 mainly consist of machinery investment related with bottled water production. Disposals from furnitures and fixtures are mainly related with the disposal of water dispensers, steel and plastic racks.

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year's depreciation and amortisation charges were allocated to cost of production by TL3.771.475 (2011: TL3.329.362), to selling and marketing expenses by TL850.274 (2011: TL760.105) (Note 29.a) and to general and administrative expenses by TL408.835 (2011: TL449.833) (Note 29.b).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2012 and 2011 were as follows:

1 January 2011	**14.482.577**
Increase in revaluation reserve of land, land improvements and buildings	4.850.169
Increase in revaluation reserve of machinery and equipment	7.908.996
Deferred income tax calculated on increase in revaluation reserve	(2.403.033)
Depreciation on revaluation reserve transferred to retained earnings-net	(1.140.647)
31 December 2011	**23.698.062**
Correction (See Note 2.3.12.b)	1.692.836
Depreciation on revaluation reserve transferred to retained earnings-net	(1.317.048)
31 December 2012	**24.073.850**

The carrying amounts of each class of property, plant and equipments that would have been recognised if the assets have been carried under the cost model at 31 December 2012 and 2011, are as follows:

31 December 2012:	**Land**	**Buildings and land improvements**	**Machinery and equipment**
Cost	971.563	9.505.023	47.448.054
Less: Accumulated depreciation	-	(3.370.436)	(27.178.217)
Net book value	**971.563**	**6.134.587**	**20.269.837**

31 December 2011:	**Land**	**Buildings and land improvements**	**Machinery and equipment**
Cost	971.563	8.066.707	46.891.094
Less: Accumulated depreciation	-	(3.030.871)	(25.312.452)
Net book value	**971.563**	**5.035.836**	**21.578.642**

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NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years 1 January - 31 December 2012 and 2011 were as follows:

	1 January 2012	Additions (*)	31 December 2012
Costs:			
Rights	1.222.256	42.722	1.264.978
Accumulated amortisation	(985.848)	(147.109)	(1.132.957)
Net book value	**236.408**		**132.021**

(*) Please see Note 2.3.12.b.

	1 January 2011	Additions	31 December 2011
Costs:			
Rights	1.074.467	147.789	1.222.256
Accumulated amortisation	(946.371)	(39.477)	(985.848)
Net book value	**128.096**		**236.408**

NOTE 20 - GOODWILL

None (2011: None).

NOTE 21 - GOVERNMENT GRANTS

None (2011: None).

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
a) Short-term provisions:		
Provision for spring water fee	1.304.297	1.783.138
Management bonus accrual	220.000	220.000
Provision of advertising and promotion	137.876	162.429
Provision for seniority incentive bonus	136.693	84.568
Other	27.511	72.500
	1.826.377	**2.322.635**

Aydın Bozdoğan Municipality charged a total of TL3.101.159 to the Company as the spring water fee in return for services rendered in line with Article 63 of the Law on Municipal Revenues within 2012. Regarding the mentioned spring water fee, the Company filed a lawsuit against Aydın Bozdoğan Municipality based on the claim that all procedures related to production permit, licensing, packaging, labelling, sales and audit of natural mineral waters are carried out by the Turkish Ministry of Health and its relevant bodies in line with the provisions of the "Regulation on Natural Mineral Waters" No. 25657, dated 1 December 2004. As of 31 December 2012, the local court rejected the lawsuit, which was subsequently taken to a higher court for appeal. In line with the prudency principle of accounting, Company management recognised the mentioned spring water fee provision in the statement of income as cost of sales (Note 30).

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Movements of the provision the spring water fee provision during the years 2012 and 2011 are as follows:

	2012	2011
1 January	**1.783.138**	**-**
Charged to statement of comprehensive income (Note 31.b)	3.101.159	2.163.138
Paid	(3.580.000)	(380.000)
31 December	**1.304.297**	**1.783.138**

	31 December 2012	31 December 2011
b) Guarantees given:		
Bails	666.592.500	702.732.500
Letters of guarantee	8.522.336	6.619.733
	675.114.836	**709.352.233**

As of 31 December 2012, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Group companies in relation to the repayment of loans obtained by Yaşar Group companies from financial institutions amounting to EUR75.000.000 and USD275.000.000, equivalent of TL666.592.500 (2011: EUR75.000.000 and USD275.000.000, equivalent of TL702.732.500) (Note 37).

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2012 and 2011 were as follows:

	31 December 2012			31 December 2011		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company	TL	8.522.336	8.522.336	TL	6.619.733	6.619.733
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPM			666.592.500			702.732.500
i. Total amount of CPM given on behalf of the main shareholder			445.650.000			472.225.000
	USD	*250.000.000*	*445.650.000*	*USD*	*250.000.000*	*472.225.000*
	EUR			*EUR*	*-*	*-*
ii. Total amount of CPM given on behalf other group companies which are not in scope of B and C.			220.942.500			230.507.500
	USD	*25.000.000*	*44.565.000*	*USD*	*25.000.000*	*47.222.500*
	EUR	*75.000.000*	*176.377.500*	*EUR*	*75.000.000*	*183.285.000*
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
			675.114.836			**709.352.233**
Total amount of other CPM/Equity			853%			957%

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2012	31 December 2011
c) Guarantees received:		
Letters of guarantee	18.267.807	12.618.500
Bails	7.130.400	-
Mortgages	5.975.035	6.555.535
Guarantee notes	1.941.283	1.876.002
Other	600.319	624.919
	33.914.844	**21.674.956**

Guarantees are mainly received from customers. Bails received are mainly related with the bails provided by Yataş, a Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to USD4.000.000, equivalent of TL7.130.400 (2011: None).

NOTE 23 - COMMITMENTS

Total amount of raw material purchase commitments as of 31 December 2012 is TL3.062.000 (2011: TL2.600.000). Purchase commitments are expected to be fulfilled in accordance with the Company's management predictions and budgets for the year of 2013 (2011: Purchase commitments were fulfilled on subsequent period).

The Company has machinery and equipment purchase commitments related with investments for the new pet bottle production line in the production facility in Sakarya amounting to EUR5.431.075 equivalent of TL12.772.259 as of 31 December 2012.(2011:None)

NOTE 24 - EMPLOYEE BENEFITS

	31 December 2012	31 December 2011
Provision for employment termination benefits	1.502.602	847.798
	1.502.602	**847.798**

Under Turkish Labour Law, the companies incorporated in Turkey are 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).

The amount payable consists of one month's salary limited to a maximum of TL3.033,98 for each year of service as of 31 December 2012 (2011: TL2.731,85).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

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. The maximum amount of 3.129,25 which is effective from 1 January 2012 (2011: 2.805,04 TL) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2012	31 December 2011
Discount rate (p.a)	3,50%	4,66%
Probability of retirement (%)	97,61%	96,62%

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NOTE 24 - EMPLOYEE BENEFITS (Continued)

Movements of the provision for employment termination benefits during the years are as follows:

	2012	2011
1 January	**847.798**	**745.890**
Interest costs	39.507	34.758
Actuarial losses	529.452	58.014
Annual charge	192.065	153.453
Paid during the year	(106.220)	(144.317)
31 December	**1.502.602**	**847.798**

The total of interest cost, actuarial losses and annual charge for the year amounting to TL761.024 (2011:TL246.225) were allocated to general administrative expenses by TL707.472 (2011: TL193.193) (Note 29) and to cost of sales by TL53.552 (2011: TL53.032).

NOTE 25 - PENSION PLANS

None (2011: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
a) Other current assets		
Prepaid expenses	849.167	347.212
VAT deductible	761.299	1.692.924
Prepaid income taxes	561.770	346.513
Order advances given	120.852	62.529
Other	26.214	37.956
	2.319.302	**2.487.134**

	31 December 2012	31 December 2011
b) Other non-current assets:		
Advances payment	1.575.639	-
Prepaid expenses	10.240	20.481
	1.585.879	**20.481**

As of 31 December 2012, the advances are mainly comprised of the advance given for machinery, plant and device investments. (2011: None)

c) Other current liabilities:

Advances received	813.674	132.509
Withholding taxes and funds payable	569.076	318.904
	1.382.750	**451.413**

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NOTE 27 - EQUITY

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company’s historical authorised registered share capital at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Registered share capital (historical values)	50.000.000	50.000.000
Paid-in share capital with nominal value	12.789.345	12.789.345

The compositions of the Company’s share capital at 31 December 2012 and 2011 were as follows:

	31 December 2012		31 December 2011	
Shareholders	**Share (%)**	**TL**	**Share (%)**	**TL**
Yaşar Holding	58,00	7.417.546	58,00	7.417.546
Public quotation	31,78	4.064.924	31,78	4.064.924
Pınar Süt Mamülleri Sanayii A.Ş. (“Pınar Süt”)	8,77	1.122.150	8,77	1.122.150
YBP	0,80	101.992	0,80	101.992
Hedef Ziraat Tic. Ve San. A.Ş (“Hedef Ziraat”)	0,09	11.318	0,09	11.318
Yataş	0,03	3.773	0,03	3.773
Other	0,53	67.642	0,53	67.642
Total share capital	**100,00**	**12.789.345**	**100,00**	**12.789.345**
Adjustment to share capital		11.713.515		11.713.515
Total paid-in capital		**24.502.860**		**24.502.860**

In Turkey, companies may exceed registered share capital nonrecurringly -except for cash injection-through capital increase from internal sources. Registered share capital may not be exceeded through capital increase by cash injection.

Inflation adjustment to share capital amounting to TL11.713.515 (2011: TL11.713.515) represents the remaining amount after netting-off the accumulated losses of the year 2003 from the difference between restated share capital and historical cost of share capital.

The Company has 1.278.934.500 (2011: 1.278.934.500) units of shares with a face value of Kr1 each as of 31 December 2012.

The Company’s authorised registered share capital is composed of registered shares and its shares have been quoted at the Istanbul Stock Exchange (“ISE”). There are no privileges given to specific shareholders.

According to Turkish Commercial Law, interest cannot be paid for capital and dividend can be distributed only if via net profit for the year and free capital and legal reserves. Five percent of the annual profit is reserved as legal reserve until it reaches to the twenty percent of the paid in capital. After reached to this point:

a) Premium which exists respect to coming in sight of new shares, its issuing expenditures, amortization provisions and its non-charitable used part

b) The cost that is paid for the cancelation of common stock bonds in order to foreclose, and the final amount remaining after subtracting the cost of new stocks which are going to be given replacement of these cancelled stocks with the new ones,

c) After five percent of dividend is paid to the shareholders, ten percent of the amount that is going to be distributed to the other participating profit shareholders,

are added to general legal capital reserves.

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NOTE 27 - EQUITY (Continued)

If it does not excess the half of the legal capital reserves reserved, it can be used in purpose of only if recovering the losses, continue of business in difficult time of business in terms going concern, preventing unemployment, und related precautions taken in order to stop similar bad events and consequences. Company reserves the capital reserves with respect to cover value of its acquisitions. These capital reserves can be broken only if the nominal shares are transferred or destroyed with respect to their original costs. The article related to revaluation fund says, the other funds which are taking part in liabilities can be broken only if they are transmitted into the capital, revalued assets are amortized or transferred.

Allocating more than 5% of annual profit to contingency reserve and exceeding the contingency reserve 20% of paid in capital can be put in the articles of corporation. Predicting to allocate different contingency reserve by Articles of corporation and the expense ways and conditions can be defined in order to allocation.

Dividends cannot be defined without allocating the contingency reserve according to prediction of law and articles of corporation. General assembly can decide to allocate contingency reserve by predicting law and articles of corporation, if it’s necessary to re-provide the assets, when considering the all shareholder’s benefits, if company’s continuous development and distribution of dividend seems fair. Besides, even there is not any sentence in the core contract; general assembly can reserve capital reserve to set up social rights and welfare organization for its workers, for labor organizations in terms of existence and sustainability of these organisms and other social and charitable purposes.

The aforementioned reserves were accounted for under “Restricted Reserves” in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TL4.180.008 (2011: TL4.180.008) as of 31 December 2012. The unrestricted extraordinary reserves the Company amount to TL11.673.135 (2011: TL11.673.135), and classified in the retained earnings.

In accordance with the Communiqué No: XI-29 and related announcements of CMB “Share capital”, “Restricted Reserves” and “Share Premium” shall be carried at their statutory amounts. The valuation differences (e.g. the differences raising from inflation adjustments) shall be classified as follows:

- the difference arising from the “Paid-in Capital” shall be classified as the “Inflation Adjustment to Share Capital “if it is not transferred to capital yet;
- the difference due to the inflation adjustment of “Restricted Reserves” and “Share Premium” and shall be classified as “Retained earnings” if the amount has not been utilised in dividend distribution or capital increase yet. Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards. Adjustment to share capital has no other use other than being transferred to share capital.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

Based on CMB Decree No. 2/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué IV, No: 27, their articles of association and their previously publicly declared profit distribution policies.

Composition of the equity items subject to the profit distribution as per statutory financial statements of the Company is as follows:

	31 December 2012	31 December 2011
Extraordinary reserves	11.673.135	11.673.135
Net profit for the year	1.933.902	442.337
	13.607.037	**12.115.472**

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NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2012	1 January - 31 December 2011
Domestic sales	186.641.107	152.497.520
Exports	7.730.394	5.008.222
Gross sales	194.371.501	157.505.742
Less: Discounts	(94.303.232)	(78.201.068)
Returns	(376.527)	(386.461)
Net sales	**99.691.742**	**78.918.213**
Cost of sales	**(53.112.036)**	**(44.859.196)**
Gross profit	**46.579.706**	**34.059.017**

NOTE 29 - MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
a) Marketing, selling and distribution expenses:		
Transportation and export expenses	21.247.471	17.423.075
Advertisement	7.391.230	5.827.032
Staff costs	3.024.024	2.214.313
Outsourced services	2.806.760	2.113.712
Depreciation and amortisation	850.274	760.105
Energy	694.099	590.385
Rent	674.687	547.649
Repair and maintenance	477.848	313.836
Other	434.955	388.938
	37.601.348	**30.179.045**
b) General administrative expenses:		
Staff costs	4.625.692	4.439.285
Consultancy	1.721.392	1.353.050
Outsourced services	1.646.530	1.126.617
Employment termination benefits	707.472	193.193
Depreciation and amortisation	408.835	449.833
Rent	333.344	284.611
Energy	324.062	322.348
Travelling expenses	241.775	181.887
Representation and hosting	198.926	193.122
Communication and IT expenses	159.880	165.347
Other	792.374	678.313
	11.160.282	**9.387.606**
Total operating expenses	**48.761.630**	**39.566.651**

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NOTE 30 - EXPENSES BY NATURE

	1 January - 31 December 2012	1 January - 31 December 2011
Material costs	32.156.119	27.256.124
Transportation and export expenses	21.247.471	17.423.075
Staff costs	10.530.023	8.913.058
Advertisement	7.391.230	5.827.032
Outsourced services	6.704.581	5.415.322
Depreciation and amortisation	5.030.584	4.539.300
Energy	4.306.069	3.134.645
Spring water fee charges	3.101.159	2.163.138
Repair and maintenance	2.811.432	2.668.831
Consultancy	1.721.392	1.353.050
Rent	1.664.525	1.429.342
Employment termination benefits	761.024	246.225
Travelling expense	458.739	352.229
Representation and hosting	198.926	193.122
Communication expenses	159.880	165.347
Other	3.630.512	3.346.007
	101.873.666	**84.425.847**

NOTE 31 - OTHER OPERATING INCOME/(EXPENSE)

	1 January - 31 December 2012	1 January - 31 December 2011
a) Other operating income:		
Dividend income	808.643	1.286.250
Gain on sale of property, plant and equipment	166.244	156.983
Reversal of litigation provision	-	1.861.766
Reversal of impairment on property, plant and equipment	-	83.600
Reversal of impairment on inventories	-	78.751
Unutilised provision for doubtful receivables	-	31.665
Other	107.747	83.264
	1.082.634	**3.582.279**
b) Other operating expense:		
Donations	(83.064)	(139.553)
Bad debt expense	(35.073)	(161.494)
Other	(175.722)	(213.067)
	(293.859)	**(514.114)**

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NOTE 32 - FINANCE INCOME

	1 January - 31 December 2012	1 January - 31 December 2011
Bail charges	1.048.028	999.986
Interest income	988.541	769.113
Foreign exchange gain	273.483	253.846
Overdue charges	187.814	163.898
	2.497.866	**2.186.843**

NOTE 33 - FINANCE EXPENSE

	1 January - 31 December 2012	1 January - 31 December 2011
Interest expense	401.588	108.479
Bank commissions and overdue charges	335.156	325.456
Foreign exchange loss	167.649	722.433
Bail expense	71.467	-
Other	15.167	8.241
	991.027	**1.164.609**

NOTE 34 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2011: None).

NOTE 35 - TAX ASSETS AND LIABILITIES

As of 31 December 2012 and 2011, prepaid taxed and corporation taxes currently payable are as follows:

	31 December 2012	31 December 2011
Provision for income taxes	544.356	-
Less: Prepaid income taxes	(1.106.126)	(346.513)
Current income tax liabilities (Note 26.a)	**(561.770)**	**(346.513)**

In Turkey, the corporation tax rate of the fiscal year 2012 is 20% (2011: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (such as research and development expenditure allowances). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19,8% (2011 and 2010: 19,8%), calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2011: 15%). An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2011: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

75% of the profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Accordingly, the aforementioned gains/(losses) which have been included in trade profit/(loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 14th and recurring 8th articles of Corporate Tax Law and 40th article of the Income Tax Law together with the 10th article of Corporate Tax Law have been taken into consideration in calculation of the Company's corporate tax.

Transfer Pricing

Corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalised and paid.

Taxes on income for the years 1 January- 31 December 2012 and 2011 are summarised as follows:

	31 December 2012	31 December 2011
- Current year corporation income tax expense	(544.356)	(250.492)
- Deferred tax income	546.836	796.822
Taxation on income	**2.480**	**546.330**

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NOTE 35 - TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of taxation on income for the years 1 January - 31 December 2012 and 2011 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Profit/(loss) before tax	**113.690**	**(1.417.235)**
Tax calculated at tax rates applicable to the profit	(22.738)	283.447
Income not subject to tax	215.458	629.789
Non-deductible expenses	(154.591)	(143.173)
Correction of prior year's corporate tax	-	(250.492)
Other	(35.649)	26.759
Taxation on income/(expense)	**2.480**	**546.330**

Deferred taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future periods under the liability method using a principal tax rate of 20% (2011: 20%).

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2012 and 2011 were as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Revaluation of land, land improvements, buildings, machinery and equipment	28.916.649	28.796.991	(4.842.799)	(4.857.533)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	7.294.814	9.587.915	(1.464.987)	(1.917.583)
Difference between carrying value and tax bases of available-for-sale investments	11.866.473	7.330.139	(129.790)	128.661
Provision for spring water fee charge	(1.499.322)	(1.196.843)	299.864	239.369
Provision for employment termination benefits	(1.502.602)	(847.798)	300.520	169.560
Tax losses carried forward	-	(581.469)	-	116.294
Other	(328.135)	(557.870)	65.627	111.574
Deferred income tax assets	-	-	666.011	765.458
Deferred income tax liabilities	-	-	(6.437.576)	(6.775.116)
Deferred tax liabilities-net	**-**	**-**	**(5.771.565)**	**(6.009.658)**

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NOTE 35 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred income taxes was as follows:

1 January 2011	**(4.819.985)**
Charged to revaluation reserve	(2.403.033)
Charged to statement of comprehensive income	796.822
Deferred income tax on available for sale investments	416.538
31 December 2011- as previously reported	**(6.009.658)**
Correction (Note 2.3.12.b)	(50.292)
Charged to statement of comprehensive income	546.836
Deferred income tax on available for sale investments	(258.451)
31 December 2012	**(5.771.565)**

NOTE 36 - EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share are calculated by dividing profit/(loss) for the year by the weighted average number of ordinary shares in issue during the year.

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earning/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

		1 January - 31 December 2012	**1 January - 31 December 2011**
Net profit/(loss) for the year	A	116.170	(870.905)
Weighted average number of shares	B	1.278.934.500	1.278.934.500
Earnings/(loss) per 100 shares with a TL 1 face value	**A/B**	**0,0091**	**(0,0681)**

There are no differences between basic and diluted (loss)/earnings per share.

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2012 and 2011 is as follows:

i) Balances with related parties:

	31 December 2012	31 December 2011
a) Trade receivables from related parties:		
Yataş	1.768.846	776.634
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya")	173.527	140.032
Pınar Et	72.944	-
Pınar Süt	30.886	32.718
YBP	-	125.648
Other	177.235	79.184
	2.223.438	**1.154.216**
Less: Unearned finance income	(2.601)	(1.860)
	2.220.837	**1.152.356**

As of 31 December 2012, effective weighted average interest rates of short term trade receivables due from related parties to TL, EUR and USD denominated receivables are 7,65%, 2,08% and 2,21% p.a., respectively (2011: for TL denominated current trade receivables 11% p.a.) and due from related parties mature within one month (2011: one month).

Due from related party balances are mainly resulted from the sales of bottled water. Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by Yataş, as further explained in Note 1 to the financial statements.

As of 31 December 2012, due from related parties amounting to TL1.577.255 (2011: TL1.077.249) were overdue for a period of 2 months (2011: 2 months).

b) Other receivables from related parties:

	31 December 2012	31 December 2011
Yaşar Holding	9.917.791	3.757.640
DYO Boya	177.431	111.738
Viking Kağıt	158.329	20.597
YBP	6.289	79.125
Other	54.406	23.630
	10.314.246	**3.992.730**

Other receivables from Yaşar Holding consisting of principal and interest accrual of TL loan obtained from a financial institution by the Company and were transferred to related parties with the same terms and conditions. The effective weighted average interest rate applied to due from Yaşar Holding as of 31 December 2012 is 8,25% p.a. (2011: 12.0% p.a.).

The non-trade receivables from other related parties are attributable to bail commission charges in relation to bank borrowings obtained by the related parties from international capital markets and a financial institution under the guarantee of the Company (Note 22). Due to related parties have an average maturity of 3-12 month as of 31 December 2012.

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2012	31 December 2011
c) Trade payables to related parties:		
Yaşar Holding	402.862	594.507
Pınar Foods GmbH ("Pınar Foods")	58.793	100.284
Yadex Export-Import und Spedition GmbH ("Yadex")	-	111.352
Other	21.302	29.552
	482.957	**835.695**
Less: Unearned finance cost	(912)	(3.564)
	482.045	**832.131**

The effective weighted average interest rate applied to due to related parties is 7,22% p.a. as of 31 December 2012 (2011: 11% p.a.) Due to related parties mature mainly within 2 months (2011: 2 month).

	31 December 2012	31 December 2011
d) Other payables to related parties:		
Other	10.335	11.443
	10.335	**11.443**

ii) Transactions with related parties:

	1 January - 31 December 2012	1 January - 31 December 2011
a) Product sales:		
Yataş	7.730.394	5.008.222
Other	643.271	513.635
	8.373.665	**5.521.857**

Export sales and distribution of the Company's products are performed by Yataş.

b) Service sales

Yataş	239.781	107.396
Yaşar Holding	137.016	120.969
Other	289.660	180.946
	666.457	**409.311**

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2012	1 January - 31 December 2011
c) Service purchases:		
Yaşar Holding	1.689.905	1.392.981
Yataş	576.091	367.569
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	228.523	200.233
YBP	145.529	107.376
Pınar Süt	86.280	100.655
Other	145.117	186.145
	2.871.445	**2.354.959**

Service purchases from Yaşar Holding are mainly related with the consultancy charges.

	1 January - 31 December 2012	1 January - 31 December 2011
d) Product Purchase		
Pınar Süt	24.370	-
	24.370	**-**
e) Donations:		
Yaşar Education Foundation	-	75.000
	-	**75.000**
f) Finance expense:		
Yataş	122.050	-
Yaşar Holding	24.592	31.604
	146.642	**31.604**
g) Finance income:		
Yaşar Holding	1.409.260	1.280.525
Dyo Boya	129.547	94.693
YBP	89.334	86.408
Viking Kağıt	66.434	35.425
Other	102.748	46.138
	1.797.323	**1.543.189**

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The finance income from Yaşar Holding includes interest income on non-trade receivables amounting to TL749.295 (2011:TL543.203). The other finance income mainly consists of bail and finance commissions in relation to the bank borrowings obtained by the related parties from international capital markets and a financial institution under the guarantee of the Company. The bail and finance commission rates used in the intercompany charges are 0,50% p.a. both (2011: 0,50% p.a. both) (Note 32).

	1 January - 31 December 2012	1 January - 31 December 2011
h) Dividends received:		
YBP	808.643	1.286.250
	808.643	**1.286.250**
i) Dividends paid:		
Yaşar Holding	-	1.966.035
Public quotation	-	953.961
Pınar Süt	-	258.095
YBP	-	23.458
	-	**3.201.549**
j) Purchases of property, plant and equipment:		
YBP	7.063	-
	7.063	**-**

k) Bails given:

As of 31 December 2012, the Company jointly guarantees with Yaşar Holding A.Ş. the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting EUR75.000.000 and USD275.000.000, equivalent of TL666.592.500 (2011: EUR75.000.000 and USD275.000.000, equivalent of TL702.732.500).

l) Bails received:

Bails received are mainly related with the bails provided by Yataş, a Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to USD4.000.000, equivalent of TL7.130.400 (2011: None).

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

m) Key management compensation:

Key management includes Chief Executive Operations officer, general manager; director and members of Board of Directors. The compensation paid or payable to key management for employee service is shown below:

	1 January - 31 December 2012	1 January - 31 December 2011
Short-term employee benefits	603.124	773.090
Bonus and profit-sharing	28.800	54.046
Termination benefits	-	61.239
Post-employment benefits	-	-
Other long-term benefits	28.154	2.042
	660.078	**890.417**

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks.

The financial risk management objectives of the Company are defined as follows:

- safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk;
- effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, Yataş and the related export receivables are monitored by Yataş. The following tables analyse the Company's credit risk as of 31 December 2012 and 2011;

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2012	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits and other Cash Equivalents	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**2.220.837**	**11.352.077**	**10.314.246**	**621.109**	**536.425**	**25.044.694**
- The part of maximum credit risk covered with guarantees	-	5.185.702	-	-	-	5.185.702
A. Net book value of financial assets not due or not impaired	643.582	9.722.436	9.937.900	621.109	536.425	21.461.452
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired		-	-	-	-	-
C. Net book value of assets past due but not impaired [3]	1.577.255	1.629.641	376.346	-	-	3.583.242
- The part covered by guarantees etc	-	823.053	-	-	-	823.053
D. Net book value of assets impaired						
- Past due (gross book value)	-	832.375	-	-	-	832.375
- Impairment amount (-)	-	(832.375)	-	-	-	(832.375)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2011	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits and other Cash Equivalents**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**1.152.356**	**9.272.703**	**3.992.730**	**507.689**	**1.806.693**	**16.732.171**
- The part of maximum credit risk covered with guarantees	-	5.928.903	-	-	-	5.928.903
A. Net book value of financial assets not due or not impaired	75.107	7.925.117	3.798.867	507.689	1.806.693	14.113.473
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired [3]	1.077.249	1.347.586	193.863	-	-	2.618.698
- The part covered by guarantees etc	-	586.427	-	-	-	586.427
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	797.302	-	-	-	797.302
- Impairment amount (-)	-	(797.302)	-	-	-	(797.302)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

[1] Trade receivables balances mainly resulted from the sale of pet bottled and demijohn water.
[2] In the determination of related amounts, guarantees received providing increase credit reliability are not take into account.
[3] Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables		
31 December 2012	**Trade Receivables**	**Other Receivables**	**Total**
1-30 days overdue	1.456.761	198.915	1.655.676
1-3 months overdue	846.089	177.431	1.023.520
3-12 months overdue	904.045	-	904.045
The part covered by guarantees	(823.053)	-	(823.053)
	3.206.896	**376.346**	**3.583.242**[*]

[*] TL1.551.142 of the receivables that were overdue but not impaired have been collected as of the approval date of the financial statements.

	Receivables		
31 December 2011	**Trade Receivables**	**Other Receivables**	**Total**
1-30 days overdue	1.273.171	87.238	1.360.409
1-3 months overdue	1.107.567	106.625	1.214.192
3-12 months overdue	44.097	-	44.097
The part covered by guarantees	(586.427)	-	(586.427)
	2.424.835	**193.863**	**2.618.698**

b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2012 and 2011 are as follows:

31 December 2012:	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities:					
Bank borrowings	8.132.364	8.245.077	7.355.215	729.503	160.359
Trade payables	22.315.164	22.429.260	22.372.660	56.600	-
Other payables	24.013	24.013	24.013	-	-
	30.471.541	**30.698.350**	**29.751.888**	**786.103**	**160.359**

31 December 2011:	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities:					
Bank borrowings	2.722.355	2.776.375	567.012	1.209.984	999.379
Trade payables	17.090.335	17.208.608	16.852.419	281.123	75.066
Other payables	53.070	53.070	53.070	-	-
	19.865.760	**20.038.053**	**17.472.501**	**1.491.107**	**1.074.445**

c) Market Risk

i) Foreign exchange risk

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and Board of Director's meetings regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Foreign Currency Position			
	31 December 2012			
	TL Equivalent	USD	EUR	Other TL Equivalent
1. Trade Receivables	1.712.468	257.297	473.537	140.193
2a. Monetary Financial Assets (Cash, Bank accounts included)	49.821	-	21.185	-
2b. Non-Monetary Financial Assets	7.240.003	4.011.500	37.889	-
3. Other				
4. Current Assets (1+2+3)	**9.002.292**	**4.268.797**	**532.611**	**140.193**
5. Trade Receivables				
6a. Monetary Financial Assets				
6b. Non-Monetary Financial Assets				
7. Other	1.575.639	-	670.000	-
8. Non-Current Assets (5+6+7)	**1.575.639**	**-**	**670.000**	**-**
9. Total Assets (4+8)	**10.577.931**	**4.268.797**	**1.202.611**	**140.193**
10. Trade Payables	(428.397)	(33.634)	(153.473)	(7.519)
11. Financial Liabilities	(7.909.121)	(4.011.500)	(322.414)	-
12a. Monetary Other Liabilities	(17.698)	(9.928)	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	**(8.355.216)**	**(4.055.062)**	**(475.887)**	**(7.519)**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(156.778)	-	(66.666)	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long Term Liabilities (14+15+16)	**(156.778)**	**-**	**(66.666)**	**-**
18. Total Liabilities (13+17)	**(8.511.994)**	**(4.055.062)**	**(542.553)**	**(7.519)**
19. Net Asset/(Liability) Position of Off Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**
19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**
20. Net Foreign Asset/(Liability) Position (9-18+19)	**2.065.937**	**213.735**	**660.058**	**132.674**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**2.065.937**	**213.735**	**660.058**	**132.674**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**
23. Export	**7.730.394**	**1.468.849**	**1.903.000**	**667.062**
24. Import	**522.223**	**29.562**	**204.394**	**-**

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31 December 2011			
TL Equivalent	**USD**	**EUR**	**Other TL Equivalent**
899.900	176.597	167.871	156.083
82.297	2.688	31.598	-
-	-	-	-
-	-	-	-
982.197	**179.285**	**199.469**	**156.083**
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	**-**	**-**	**-**
982.197	**179.285**	**199.469**	**156.083**
(313.340)	(8.137)	(120.270)	(4.055)
(1.776.608)	-	(726.985)	-
(18.753)	(9.928)	-	-
-	-	-	-
(2.108.702)	**(18.065)**	**(847.256)**	**(4.055)**
(75.066)	-	(30.717)	-
(945.748)	-	(386.999)	-
	-	-	-
-	-	-	-
(1.020.814)	**-**	**(417.716)**	**-**
(3.129.516)	**(18.065)**	**(1.264.972)**	**(4.055)**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
(2.147.319)	**161.220**	**(1.065.503)**	**152.028**
(2.147.319)	**161.220**	**(1.065.503)**	**152.028**
-	**-**	**-**	**-**
5.008.222	**3.187.536**	**-**	**-**
2.365.927	**1.446.910**	**-**	**-**

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2012	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	38.100	(38.100)	-	-
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**38.100**	**(38.100)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	155.227	(155.227)	-	-
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**155.227**	**(155.227)**	**-**	**-**
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	13.267	(13.267)	-	-
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**13.267**	**(13.267)**	**-**	**-**
TOTAL (3+6+9)	**206.594**	**(206.594)**	**-**	**-**

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2011	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	30.453	(30.453)		
2- The part of USD risk hedged (-)	-	-		
3- USD Effect - net (1+2)	**30.453**	**(30.453)**		
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	(260.388)	260.388		
5- The part of EUR risk hedged (-)	-	-		
6- EUR Effect - net (4+5)	**(260.388)**	**260.388**		
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	15.203	(15.203)		
8- The part of other foreign currency risk hedged (-)	-	-		
9- Other Foreign Currency Effect - net (7+8)	**15.203**	**(15.203)**		
TOTAL (3+6+9)	**(214.732)**	**214.732**		

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii) Interest Risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	Interest Rate Position Schedule	
	31 December 2012	31 December 2011
Financial instruments with fixed interest rate		
Financial assets	24.294.675	15.952.789
Financial liabilities	30.017.058	18.476.630
Financial instruments with floating interest rate		
Financial assets	-	-
Financial liabilities	440.805	1.370.972

According to the interest rate sensitivity analysis performed as at 31 December 2012, if interest rates on bank borrowings had been 1% higher while all other variables being constant, net profit for the year would be TL11.116 lower (2011: net profit for the year would be TL26.324 higher) as a result of additional interest expense that would be incurred on bank borrowings with floating rates.

iii) Price risk

The operational profitability of the Company and the cash flows generated by these operations are affected by the changes in the raw material prices and market competition. These prices are closely followed up by the Company management to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

d) 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 adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Company monitors capital on the basis of the gearing ratio and changes in the earnings before interest depreciation and amortization ("EBITDA"). Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings due to related parties - non trade less cash and cash equivalents. EBITDA is calculated as operational profit/(loss) less depreciation, amortization, employment termination benefits and other nonrecurring expenses (Note 30).

	31 December 2012	31 December 2011
Total financial liabilities	8.132.364	2.722.355
Less: Cash and cash equivalents (Note 6)	(561.129)	(1.817.495)
Net debt	7.571.235	904.860
Total equity	78.151.557	73.402.132
Debt/equity ratio	**10%**	**1%**
EBITDA	**7.499.618**	**4.509.194**

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NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature. The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

Financial Liabilities

Fair values of bank borrowings are disclosed in Note 8.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2012 and 2011.

31 December 2012

	Level 1	Level 2	Level 3(*)	Total
Assets:				
Available-for-sale investments	676.923	-	21.039.249	21.716.172
Total assets				**21.716.172**

31 December 2011

	Level 1	Level 2	Level 3(*)	Total
Assets:				
Available-for-sale investments	690.462	-	16.225.109	16.915.571
Total assets				**16.915.571**

(*) Please see Note 7 for the movement of Level 3 financial instruments.

NOTE 40 - SUBSEQUENT EVENTS

None (2011: None).

NOTE 41 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (2011: None).

NOTE 42 - EXPLANATION FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2012 and 2011, the CMB Financial Reporting Standards differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.