Pınar Su Sanayi ve Ticaret A.Ş.

Independent Auditor's Report

To the Board of Directors of
Pınar Su Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying financial statements of Pınar Su Sanayi ve Ticaret A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2009 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pınar Su Sanayi ve Ticaret A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by Turkish Capital Market Board (Note 2.1).

Emphasis of matters

5. As explained in Notes 1 and 37 to the financial statements, the Company sells all of its products in the domestic market to its related party and associate, Birmaş Tüketim Malları Ticaret A.Ş. ("Birmaş"), which is the sole distributor of the Company in the domestic market. As explained in Note 40 to the financial statements, the Company legally merged with Birmaş based on the decision of the General Assembly on 28 January 2010.

6. As explained in Note 42 to the financial statements, the accounting principles described in Note 2 to the financial statements differ from International Financial Reporting Standards ("IFRS") with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Adnan Akan, SMMM
Partner

İstanbul, 8 April 2010

Pınar Su Sanayi ve Ticaret A.Ş.

Financial Statements at 31 December 2009 and 2008

CONTENTS **PAGE**

Pınar Su Sanayi ve Ticaret A.Ş.

Balance Sheets at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2009	31 December 2008
ASSETS			
Current Assets		**18,232,919**	**14,293,320**
Cash and cash equivalents	6	644,932	42,445
Trade receivables		6,098,774	8,073,094
- Due from related parties	37	5,623,121	6,322,623
- Other trade receivables	10	475,653	1,750,471
Other receivables		7,748,959	524,635
- Other receivables from related parties	37	7,717,327	498,369
- Other receivables	11	31,632	26,266
Inventories	13	2,804,412	2,872,049
Other current assets	26	935,842	2,781,097
Non - Current Assets		**70,447,439**	**69,707,004**
Other receivables	11	1,800	1,800
Available-for-sale investments	7	17,685,967	13,010,226
Investments in associates	16	5,963	27,634
Property, plant and equipment	18	52,641,228	56,611,084
Intangible assets	19	13,406	15,896
Other non-current assets	26	99,075	40,364
TOTAL ASSETS		**88,680,358**	**84,000,324**

These financial statements prepared at 31 December 2009 and for the year then ended have been approved for issue by the Board of Directors on 8 April 2010.

The accompanying notes on pages 6 to 62 are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Balance Sheets at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009	2008
LIABILITIES			
Current Liabilities:		**9,628,926**	**12,110,330**
Financial liabilities	8	1,883,145	1,902,273
Trade payables		4,740,168	5,744,789
- Due to related parties	37	253,051	47,614
- Other trade payables	10	4,487,117	5,697,175
Other payables		61,166	739,020
- Other payables to related parties	37	7,813	540,273
- Other payables	11	53,353	198,747
Current income tax liabilities	35	144,450	761,651
Provisions	22	2,625,000	2,612,837
Other current liabilities	26	174,997	349,760
Non-Current Liabilities:		**8,830,790**	**10,563,715**
Financial liabilities	8	3,384,157	5,055,576
Provision for employment termination benefits	24	434,055	329,238
Deferred income tax liabilities	35	5,012,578	5,178,901
TOTAL LIABILITIES		**18,459,716**	**22,674,045**
EQUITY		**70,220,642**	**61,326,279**
Share capital	27	12,732,754	12,732,754
Adjustment to share capital	27	11,713,515	11,713,515
Revaluation reserve		28,057,062	25,096,968
- Revaluation reserves	18	15,908,845	17,351,076
- Fair value reserves of available-for-sale investments	7	12,208,737	7,745,892
- Fair value reserves of investments-in-associates	16	(60,520)	-
Restricted reserves	27	2,647,909	2,181,402
Accumulated profits	27	9,043,116	3,921,884
Net profit for the year		6,026,286	5,679,756
TOTAL LIABILITIES AND EQUITY		**88,680,358**	**84,000,324**

The accompanying notes on pages 6 to 62 are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Comprehensive Income at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009	2008
Revenue	28	54,701,397	61,167,192
Cost of sales (-)	28	(37,217,559)	(40,891,459)
GROSS PROFIT	**28**	**17,483,838**	**20,275,733**
Marketing, selling and distribution expenses (-)	29	(5,651,172)	(7,224,181)
General administrative expenses (-)	29	(6,296,051)	(6,550,329)
Other operating income	31	463,864	581,584
Other operating expenses (-)	31	(643,333)	(261,121)
OPERATING PROFIT		**5,357,146**	**6,821,686**
Share of results of investment-in-associates- net	16	38,849	(158,014)
Finance income	32	3,179,314	3,250,527
Finance expense (-)	33	(1,131,607)	(2,377,480)
PROFIT BEFORE TAXATION ON INCOME		**7,443,702**	**7,536,719**
Income tax expense		(1,417,416)	(1,856,963)
- Taxes on income	35	(1,796,635)	(1,705,995)
- Deferred tax income	35	379,219	(150,968)
NET PROFIT FOR THE YEAR		**6,026,286**	**5,679,756**
Other comprehensive income:			
Increase in fair value reserve of available-for-sale investments- net		4,462,845	758,324
Increase in revaluation reserve - net		-	4,986,393
Decrease in fair value reserve of investment-in-associates- net	16	(60,520)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**4,402,325**	**5,744,717**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,428,611**	**11,424,473**
EARNINGS PER SHARE	**36**	**0.4733**	**0.4461**

The accompanying notes on pages 6 to 62 are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Changes in Equity at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Adjustment to share capital	Revaluation reserves	Fair value reserves of available-for sale investments	Fair value reserves of investments in-associates	Restricted reserves	Retained earnings	Net profit for the year	Total equity
1 January 2008	**12,732,754**	**11,713,515**	**13,570,292**	**6,987,568**	**-**	**928,755**	**2,156,392**	**8,336,924**	**56,426,200**
Transfer of net profit for prior year to retained earnings	-	-	-	-	-	-	8,336,924	(8,336,924)	-
Legal and extraordinary reserves	-	-	-	-	-	1,252,647	(1,252,647)	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-	-	-	(6,524,394)	-	(6,524,394)
Depreciation transfer (Note 18)	-	-	(1,205,609)	-	-	-	1,205,609	-	-
Total comprehensive income	-	-	4,986,393	758,324	-	-	-	5,679,756	11,424,473
31 December 2008	**12,732,754**	**11,713,515**	**17,351,076**	**7,745,892**	**-**	**2,181,402**	**3,921,884**	**5,679,756**	**61,326,279**
Transfer of net profit for prior year to retained earnings	-	-	-	-	-	-	5,679,756	(5,679,756)	-
Legal and extraordinary reserves	-	-	-	-	-	466,507	(466,507)	-	-
Dividends paid (Notes 27 ve 37.ii.k)	-	-	-	-	-	-	(1,534,248)	-	(1,534,248)
Depreciation transfer - net (Note 18)	-	-	(1,442,231)	-	-	-	1,442,231	-	-
Total comprehensive income	-	-	-	4,462,845	(60,520)	-	-	6,026,286	10,428,611
31 December 2009	**12,732,754**	**11,713,515**	**15,908,845**	**12,208,737**	**(60,520)**	**2,647,909**	**9,043,116**	**6,026,286**	**70,220,642**

The accompanying notes on pages 6 to 62 are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Cash Flows at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Operating activities:			
Profit before taxation on income		7,443,702	7,536,719
Adjustments to reconcile net cash generated from operating activities to income before taxation on income:			
Depreciation and amortisation	18-19	4,364,391	3,830,925
Loss on sales of property, plant and equipment	31	96,813	43,586
Interest income	32	(307,766)	(179,284)
Interest expense	33	230,054	308,508
Provision for employment termination benefits	24	261,832	117,794
Reversal of impairment on property, plant and equipment	18-31	-	(259,818)
Management bonus provision	29	220,000	420,000
Reversal of management bonus provision	31	(30,000)	-
Provision for water and rent expenses	22	171,806	176,331
Share of results of investments in associates- net	16	(38,849)	158,014
		12,411,983	12,152,775
Changes in operating assets and liabilities:			
Decrease/(increase) in other trade receivables	10	1,274,818	(1,137,360)
Decrease in inventories	13	67,637	1,568,514
Decrease/(increase) in due from related parties	37	691,777	(587,994)
Increase in other receivables	11	(5,366)	(5,019)
Decrease/(increase) in other current assets	26	1,845,255	(186,939)
(Increase)/decrease in other non-current assets	26	(58,711)	619,985
(Decrease)/increase in other trade payables	10	(1,210,058)	1,416,038
Increase/(decrease) in due to related parties	37	205,437	(16,130)
(Decrease)/increase in other liabilities	11-22-26	(288,494)	255,518
Employment termination benefits paid	24	(157,015)	(35,141)
Management bonus paid	11-22-29	(381,306)	(611,586)
Taxes paid	35	(2,413,836)	(3,987,376)
Foreign exchange gain of cash and cash equivalents		(2,203)	(1,162)
Net cash generated from operating activities		**11,979,918**	**9,444,123**
Investing activities:			
Interest received		307,766	197,596
Increase in due from related parties	37	(7,211,233)	(305,282)
Increase/(decrease) in due to related parties	37	7,540	(724,727)
Interest paid		(299,647)	(243,065)
Capital increase in available-for-sale investments	7	-	(485,714)
Purchase of property, plant and equipment and intangible assets	18-19	(677,735)	(7,694,744)
Proceeds from sales of property, plant and equipment and intangible assets	18-19-31	188,877	289,484
Net cash used in investing activities		**(7,684,432)**	**(8,966,452)**
Financing activities:			
(Redemption of)/proceeds from bank borrowings		(1,620,954)	3,605,019
Dividends received	16	-	79,211
Dividends paid	37.i.d-37.ii.k	(1,534,248)	(5,984,394)
Founders redeemed share allocation paid	27-37.i.d	(540,000)	-
Net cash used in financing activities		**(3,695,202)**	**(2,300,164)**
Net increase/(decrease) in cash and cash equivalents		**600,284**	**(1,822,493)**
Cash and cash equivalents at the beginning of the period	6	30,445	1,851,776
Effect of foreign exchange losses on cash and cash equivalents		2,203	1,162
Cash and cash equivalents at the end of the period	**6**	**632,932**	**30,445**

The accompanying notes on pages 6 to 62 are an integral part of these financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 associate, Birmaş Tüketim Malları ve Ticaret A.Ş. ("Birmaş"), and its exports are performed by Yaşar Dış Ticaret A.Ş. ("Yataş"), which are both Yaşar Group companies (Note 37).

The Company is subject to the regulations of the Capital Markets Board ("CMB") and 32.46% (2008: 32.46%) of its shares are quoted on the Istanbul Stock Exchange ("ISE") as at 31 December 2009. The ultimate parent of the Company is Yaşar Holding A.Ş ("Yaşar Holding") with 57.93% of shares of the Company (2008: 57.93%) (Note 27).

As explained in Note 40 to the financial statements, the Company legally merged with Birmaş based on the decision of the General Assembly on 28 January 2010. The relevant decision was approved by the CMB on 17 February 2010.

The average number of the employees of the Company is 121 between 1 January - 31 December 2009 (2008: 122).

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

Şehit Fethibey Caddesi No: 120
Alsancak/Izmir

NOTE 2 - BASIS OF PRESENTATION 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 accepted 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 Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, 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 issued 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB 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 numbered 2008/16, 2008/18, 2009/02, 2009/04 and 2009/40, 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.c).

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.

2.2 Amendments in International Financial Reporting Standards

a) New and amended standards adopted by the Company:
The Company has adopted the following new and amended IFRSs as of 1 January 2009:

-IFRS 7 'Financial instruments - Disclosures' (amendment) effective from 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

-IAS 1 (Revised), "Presentation of financial statements", (effective from 1 January 2009). Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen the option to present one performance statement as the statement of comprehensive income.

-IAS 23 (Amendment), "Borrowing Costs", (Relevant to the qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. Since the Company does not have any significant qualifying assets and financial costs corresponding to these assets, the amendment does not have a material effect on the financial statements of the Company.

-IAS 16 (Amendment), "Property, Plant and Equipment", (effective for periods beginning on or after 1 January 2009). The amendment does not have an impact on the Company's financial statements.

-IFRS 8 (Revised), "Operating Segments", (effective for period beginning on or after 1 January 2009). Since the Company has a single reportable segment, the standard does not have an effect on the financial statements of the Company.

-IAS 36 (Amendment), "Impairment of Assets", (effective for periods beginning on or after 1 January 2009). Amendment is only related with the disclosure of estimates used to determine recoverable amount.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

b) Amendments and new standards and interpretations issued and effective other than those mentioned above in Note 2.2.a. are not relevant to the operations of the Company and are not presented.

c) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 and have not been early adopted by the Company:
The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

-IFRS 3 (Revised), "Business Combinations", (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

-IAS 38 (Amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. It is not expected to have an impact on the Company's financial statements and the Company's management will apply IAS 38 (Amendment) from the date which IFRS 3 (Revised) is adopted.

-IAS 38 (Amendment), "Intangible Assets", (effective for periods beginning on or after 1 January 2010). Amendments to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. It is not expected to have an impact on the Company's financial statements.

-IAS 36 (Revised), "Impairment of Assets", (effective for periods beginning on or after 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment. It is not expected to have an impact on the Company's financial statements.

-IAS 7 (Revised), "Statement of Cash Flows", (effective for periods beginning on or after 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment will not result in a material impact on the Company's statements of cash flows.

-IFRS 8 (Revised), "Operating Segments", (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as there are not any operating segments reportable in accordance with IFRS 8 (Note 2.3.15 and 5).

-IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement"- Eligible Hedged Items, (effective with retrospective application for annual periods beginning on or after 1 July 2009). As the Company does not have any hedging transaction, it is not expected to have an impact on the Company's financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

-IAS 32 (Amendment), "Financial Instruments: Presentation", (effective for annual periods beginning on or after 1 February 2010). It is not expected to have an impact on the Company's financial statements.

-IAS 24 (Amendment), "Related Party Disclosures", (effective for annual periods beginning on or after 1 January 2011). As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

-IFRS 9, "Financial Instruments" (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted). It is not expected to have an impact on the Company's financial statements.

-Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). Although these standards are not expected to have a material impact on the Company's financial statements, the Company management is still assessing their impact.

d) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 and not relevant for the Company's operations:

-IFRS 5 (Revised), "Measurement of Non-Current Assets (or disposal groups) classified as held-for-sale". The amendment is part of the International Accounting Standards Board's ("IASB") annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (Amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

-IAS 1 (Amendment), "Presentation of Financial Statements". The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (Amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

-IFRS 2 (Amendment), "Group cash-settled share-based payment transactions" (effective from 1 January 2010). In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. Impact of the amendment on the Company's financial statements has been evaluated and any impact does not expected. The Company management is still assessing their impact.

-IFRS 2 (Revised), "Share Based Payments", (effective for periods beginning on or after 1 July 2009). Amendment to confirm that, in addition to business combinations as defined by IFRS 3 (Revised), "Business Combinations", contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, "Share-Based Payments". Impact of the amendment on the Company's financial statements has been evaluated and any impact does not expected. The Company management is still assessing their impact.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

-IFRIC 17 "Distribution of Non-Cash Assets to Owners", (effective for the annual periods beginning on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Company will apply IFRIC 17 from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

-IFRIC 9 (Revised), "Reassessment of Embedded Derivatives", (effective for periods ending on or after 30 June 2009). It is not expected to have an impact on the Company's financial statements, as the Company does not have any embedded derivatives.

-IFRIC 9 and IFRS 3 (Revised), (effective for periods beginning on or after 1 July 2009). The IASB amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. Impact of the amendment on the Company's financial statements has been evaluated and any impact does not expected. The Company management is still assessing their impact.

-IFRIC 18, "Transfers of Assets from Customers", (effective for periods beginning on or after 1 July 2009). It is not expected to have an impact on the Company's financial statements.

-IAS 17 (Revised), "Leases", (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as the Company does not have any material leasing transactions

-IAS 39 (Revised), "Financial Instruments: Recognition and Measurement", (effective for periods beginning on or after 1 January 2010). Amendments regarding scope exemption for business combination contracts and cash flow hedge accounting. It is not expected to have an impact on the Group's financial statements as there are no business combination contracts or cash flow hedges.

-IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", (effective for periods beginning on or after 1 July 2009). The change does not have any effect on the Company's financial statements.

2.3. Basis of consolidation

The Company does not have any subsidiary to be consolidated in the financial statements. The investments-in-associates are accounted for using the equity method and are initially recognised at cost. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but not control. The unrealised gains on transactions between the Company and its associated undertakings are eliminated to the extent of the Company's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Company's share of the losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The carrying amount of the investment at the date when significant influence ceases is regarded at cost thereafter.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The table below sets out the associates and the proportion of ownership interest as of 31 December 2009 and 2008 (Note 16):

	Shareholding (%)	
	2009	**2008**
Investment-in-associate		
Birmaş	25.00	25.00

2.4 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 revenue described in the section "Revenue recognition" are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the financial statements are summarised below:

2.6.1 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). Interest income is recognised on a time-proportion basis using the effective interest method. The amount of the provision for receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and recognized as interest income. Interest income on loans is recognised using the effective interest rate. Dividend income is recognised when the Company's right to receive the payment is established.

2.6.2 Inventories

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).

2.6.3 Property, plant and equipment

The Company's land and land improvements, buildings, machinery and equipment are stated at their fair values based on the valuations performed by the external independent valuers, Elit Gayrimenkul Değerleme A.Ş. and Vakıf Gayrimenkul Ekspertiz ve Değerleme A.Ş. at 31 December 2008 less depreciation in the subsequent period considering the carrying amounts of these assets at 31 December 2009 do not significantly differ from their fair values as of the same date. All other items of property, plant 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 (Note 18).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION 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 statements of comprehensive income.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from retained earnings to the revaluation reserves.

Property, plant and equipments 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 the other non-current assets until the related asset is capitalised (Note 26.b).

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 equipment are as follows:

	Years
Buildings and land improvements	2-4
Machinery and equipments	5-10
Motor vehicles	20
Furniture and fixtures	10

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount (Notes 2.6.5 and 18). If the property, plant and equipments that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognised in the statement of comprehensive income.

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 relating to that asset are transferred to the retained earnings.

Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred. 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. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognised as separate asset, are depreciated based on their useful lives.

2.6.4 Intangible assets

Intangible assets comprise information systems, software and acquired rights. 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 impairment losses, if any. 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. Residual values of intangible assets are deemed as negligible. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use (Notes 2.6.5 and 19).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.6.5 Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset other than deferred tax asset (Note 35) and property, plant and equipment stated at revalued amounts as of reporting date (Note 18) may be impaired. Goodwill accounted for as part of investment-in-associate is tested annually for impairment. If there is an indication of impairment with regards to goodwill, the recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount. Impairment losses are accounted for in the statement of comprehensive income.

Impairment losses can be reversed to the extent of previously recorded impairment losses, in cases where increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded (Note 31).

2.6.6 Borrowings and borrowings costs

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).

2.6.7 Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and revaluates this designation at every reporting date. The Company classifies its financial instruments in the following categories:

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 are stated at amortised cost using the effective yield method.

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. 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 recognised 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

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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 recognised in the equity, rather than statement of comprehensive income until the related financial asset is derecognised. 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 recognised 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 derecognised, the accumulated fair value adjustments in equity are recognised 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 recognised in profit or loss-is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on investments are not reversed through the statement of comprehensive income.

2.6.8 Foreign currency transactions 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 statement of comprehensive income.

2.6.9 Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income 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 per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

2.6.10 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.6.11 Provisions, contingent liabilities and contingent assets

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.

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to settle the liability. The rate used to discount provisions to their present values is determined considering the interest rate in the related markets and the risk associated with the liability. The discount rate must be pre-tax and does not consider risks associated with future cash flow estimates. In cases where the time value of money is material and the provisions approach to their expected realisation date, the increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

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 (Note 22). Provisions are not recognised for future operating losses.

2.6.12 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 recognised 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.

2.6.13 Related parties

For the purpose of the financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group companies, 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).

2.6.14 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.

2.6.15 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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).

2.6.16 Provision for employment termination benefits
In accordance with the Turkish Labor Law, 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. All actuarial gains and losses are recognised in the statement of comprehensive income (Note 24).

2.6.17 Statement of cash flows
In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment 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.

2.6.18 Trade receivables and provision for impairment of receivables
Trade receivables that are realised by the Company by way of providing goods or services directly to a debtor are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income in the statement of comprehensive income (Note 31).

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

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.7. 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:

a) 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.

b) 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 (Note 7).

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

Land and buildings and machinery and equipments, that are used in the Company's operations, are stated at their fair values based on the valuations performed by the external independent valuers, at 31 December 2008, less the subsequent depreciation and these carrying values are assumed to approximate their fair values at 31 December 2009.

Land and buildings and land improvements were revaluated by the external independent valuers based on some techniques and assumptions as of 31 December 2008.

-As there were not any recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach.

-In the market reference comparison method, current market information was utilised, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for lands subject to the valuation. The similar lands identified were compared in terms of location, size, settlement status, physical conditions; real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilised.

-In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, as being one of the components. Regarding the valuation of the machinery and equipment, technologic conditions, actual depreciation, commercial attributes and industrial positions as well as dismantling and assembling costs were taken into account.

-Since a fully integrated industrial plant was in discussion, the revaluation work was performed based on all the active and functioning assets in the integrated plant rather than taking as basis the data for the second-hand market within the scope of the valuation of the machinery and equipment. Such machinery and equipment were reviewed and assessed by their line.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

None (2008: None).

NOTE 4 - JOINT VENTURES

None (2008: None).

NOTE 5 - 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.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Cash in hand	3,062	449
Banks		
- Demand deposits	92,756	41,996
- Local currency	46,386	41,996
- Foreign currency	46,370	-
- Time deposits	549,114	-
- Local currency	305,000	-
- Foreign currency	244,114	-
	644,932	**42,445**

Time deposits are denominated in TL and EUR, all mature in less than one month with the effective weighted average interest rates of 7.35% and 0.50% per annum ("p.a."), respectively (2008: The Company does not have time deposits).

There are blocked deposits, amounting to TL12,000 at 31 December 2009 (2008: TL12,000). Cash and cash equivalents for purposes of the statement of cash flow are as follows:

	31 December 2009	31 December 2008
Cash and cash equivalents	644,932	42,445
Blocked deposits	(12,000)	(12,000)
Cash and cash equivalents	**632,932**	**30,445**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS

Available-for-sale investments

	31 December 2009		31 December 2008	
	TL	**%**	**TL**	**%**
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	16,532,266	4.79	11,717,251	4.79
Yataş	369,318	1.76	767,599	1.96
Desa Enerji Elektrik Üretimi Otoprodüktör Grubu A.Ş. ("Desa Enerji")	784,383	6.07	525,376	6.07
	17,685,967		**13,010,226**	

Available for sale investments were stated at their fair values which were determined based on the discounted cash flows.

The discount and growth rates used in the calculation of fair values of available for sales investments as at 31 December 2009 are as follows:

	Discount rate	Growth rate
YBP	12.50%	1%
Yataş	11.37%	0%
Desa Enerji	13.50%	0%

Movements of available for sale investments during the year are as follows:

	2009	2008
1 January	**13,010,226**	**11,724,807**
Increase in fair value	5,074,022	830,061
Impairment losses	(398,281)	(30,356)
Capital increase	-	485,714
31 December	**17,685,967**	**13,010,226**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS (Continued)

Movements of fair value reserves of available for sale investments were as follows:

	2009	2008
1 January	**7,745,892**	**6,987,568**
Increase in fair value	5,074,022	830,061
Impairment losses	(398,281)	(30,356)
Deferred income tax on available for sale investments (Note 35)	(212,896)	(41,381)
31 December	**12,208,737**	**7,745,892**

NOTE 8 - FINANCIAL LIABILITIES

	Effective weighted average interest rate %		Original Foreign Currency		TL equivalent	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Short-term financial liabilities:						
TL bank borrowings (*)	0.00	0.00	119,524	98,215	119,524	98,215
Short-term portion of long-term financial liabilities:						
EUR bank borrowings (**)	3.29	5.31	816,378	842,703	1,763,621	1,804,058
Total short-term financial liabilities					**1,883,145**	**1,902,273**
Long-term financial liabilities:						
EUR bank borrowings (**)	2.87	5.39	1,566,522	2,361,536	3,384,157	5,055,576
Total long-term financial liabilities					**3,384,157**	**5,055,576**

(*) TL denominated short-term bank borrowings are comprised of revolving credits without interest charge as of 31 December 2009 (2008: revolving credits without interest charge).

(**) EUR denominated bank borrowings consist of borrowing with semi-annually floating interest rates according to Euribor+0.50% p.a. and borrowing with 4.86% p.a. fixed interest rate. (2008: bank borrowings consist of borrowing with semi-annually floating interest rates according to Euribor+0.50% p.a. and borrowing with 4.86% p.a. fixed interest rate).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of long-term financial liabilities at 31 December 2009 and 2008 were as follows:

	31 December 2009	31 December 2008
2010	-	1,701,967
2011	1,717,470	1,701,967
2012 - 2013 years	1,666,687	1,651,642
	3,384,157	**5,055,576**

As of 31 December 2009 and 31 December 2008, 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:

	Up to 3 months	3 months to 1 year	Total
31 December 2009:			
Borrowings with floating interest rates	-	2,838,683	2,838,683
Borrowings with fixed interest rates	-	-	2,428,619
Total			**5,267,302**

	Up to 3 months	3 months to 1 year	Total
31 December 2008:			
Borrowings with floating interest rates	-	3,656,508	3,656,508
Borrowings with fixed interest rates	-	-	3,301,341
Total			**6,957,849**

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

	Carrying Amounts		Fair Values	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Bank borrowings				

The fair value of EUR denominated bank borrowings is based on cash flows discounted using the rates of 0.89% p.a. (2008: 2.85%).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2008: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008
a) Other trade receivables		
Customer current accounts	114,965	118,875
Cheques and notes receivables	458,955	1,747,791
	573,920	1,866,666
Less: Provision for impairment of receivables	(87,857)	(87,857)
Unearned finance income	(10,410)	(28,338)
	475,653	**1,750,471**

At 31 December 2009, the effective weighted average interest rate applied to trade receivables is 7.03% p.a. (2008: 16.49% p.a.) and average collection terms of trade receivables are within 2 months (2008: 2 months).

The aging of cheques and notes receivables are as follows:

0-30 days	66,258	865,243
31-60 days	257,697	589,771
61-90 days	40,000	83,277
91 days and over	95,000	209,500
	458,955	**1,747,791**

Aging analysis for trade receivables

The aging analysis of trade receivables as of 31 December 2009 and 2008 are as follows:

Overdue receivables	27,109	-
0-30 days	66,052	882,232
31-60 days	254,863	580,209
61-90 days	38,013	81,927
91 days and over	89,616	206,103
	475,653	**1,750,471**

The aging and credit risk analysis of overdue receivables as of 31 December 2009 are disclosed in Note 38.a. As of 31 December 2008, there are no overdue trade receivables.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

There is no movement in doubtful receivable allowances during the year (2008: No movement).

	31 December 2009	31 December 2008
b) Other trade payables:		
Supplier current accounts	4,526,122	5,755,951
Less: Unincurred finance cost	(39,005)	(58,776)
	4,487,117	**5,697,175**

At 31 December 2009, the effective weighted average interest rate applied to short-term trade payables is 7.02% p.a. (2008: 16.49% p.a.) and short term trade payables mature within 2 months (2008: 2 months).

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008
a) Other short-term receivables:		
Deposits and guarantees given	19,102	19,102
Personnel advances	11,009	7,164
Other	1,521	-
	31,632	**26,266**
b) Other long-term receivables:		
Deposits and guarantees given	1,800	1,800
	1,800	**1,800**
c) Other short-term payables:		
Payables to personnel	50,314	195,708
Deposits and guarantees received	3,039	3,039
	53,353	**198,747**

Dividends and bonus payable to key management and personnel at 31 December 2008 amounting to TL161,306 is paid in 2009.

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2008: None).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - INVENTORIES

	31 December 2009	**31 December 2008**
Raw materials		
- Valued at cost	597,167	309,531
- Valued at net realisable value	340,506	343,712
Finished goods		
- Valued at cost	499,918	565,503
- Valued at net realisable value	67,558	43,303
Demijohn stocks		
- Valued at cost	323,820	449,856
Pallet stocks		
- Valued at cost	398,226	530,524
Spare parts		
- Valued at cost	567,727	591,520
Other	9,490	38,100
	2,804,412	**2,872,049**

Cost of inventories recognized as expense and included in cost of sales amounted to TL21,634,661 (2008: TL24,379,197) (Note 30).

Movements of obsolescence provision in 2009 and 2008 were as follows:

	2009	**2008**
1 January	**95,572**	**70,900**
Obsolescence provision (Note 31.b)	95,043	24,672
Reversal of impairment on inventory	(41,835)	-
31 December	**148,780**	**95,572**

NOTE 14 - BIOLOGICAL ASSETS

None (2008: None).

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES

None (2008: None).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 16 - INVESTMENT IN ASSOCIATE ACCOUNTED BY EQUITY ACCOUNTING

Investment in associate:	**31 December 2009**		**31 December 2008**	
		Shareholding		**Shareholding**
	TL	**(%)**	**TL**	**(%)**
Birmaş	5,963	25	27,634	25
	5,963		**27,634**	

Movements of associate balance during the period are as follows:

	2009	**2008**
1 January	**27,634**	**264,859**
Share of results of investment in associate	20,458	(163,497)
Dividend income from investment in associate (Note 37.ii.j)	-	(79,211)
Decrease in fair value reserves of associates - net	(60,520)	-
Share of income taxes of investment in associate	18,391	5,483
31 December	**5,963**	**27,634**

Financial information of Birmaş that is accounted in financial statements using equity method is summarized below:

	31 December 2009	**31 December 2008**
Total assets	9,345,898	10,433,323
Total liabilities	9,322,046	10,322,788
Net profit/(loss) for the year	**155,394**	**(632,055)**

NOTE 17 - INVESTMENT PROPERTY

None (2008: None).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 31 December 2009 were as follows:

	1 January 2009	Additions	Disposals	Transfers	Revaluation	31 December 2009
Cost/valuation:						
Land	5,945,000	-	-	-	-	5,945,000
Buildings, and land improvements	17,176,150	72,250	-	-	-	17,248,400
Machinery and equipment	63,391,353	179,897	(133,484)	-	-	63,437,766
Motor vehicles	292,600	-	-	-	-	292,600
Furniture and fixtures	9,979,214	425,588	(373,805)	-	-	10,030,997
	96,784,317	**677,735**	**(507,289)**	**-**	**-**	**96,954,763**
Accumulated depreciation:						
Buildings, and land improvements	(3,526,150)	(705,394)	-	-	-	(4,231,544)
Machinery and equipment	(30,559,093)	(2,956,176)	133,484	-	-	(33,381,785)
Motor vehicles	(282,040)	(10,560)	-	-	-	(292,600)
Furniture and fixtures	(5,805,950)	(689,771)	88,115	-	-	(6,407,606)
	(40,173,233)	**(4,361,901)**	**221,599**	**-**	**-**	**(44,313,535)**
Net book value	**56,611,084**					**52,641,228**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 31 December 2008 were as follows:

	1 January 2008	Additions	Disposals	Transfers	Revaluation	Reverse of impairment (Note 31.a)	31 December 2008
Cost/valuation:							
Land	4,845,537	-	-	-	1,071,668	27,795	5,945,000
Buildings, and land improvements	15,412,761	13,353	-	-	1,750,036	-	17,176,150
Machinery and equipment	54,315,293	1,186,134	-	4,748,957	2,908,946	232,023	63,391,353
Motor vehicles	325,012	88	(32,500)	-	-	-	292,600
Furniture and fixtures	8,601,992	1,750,410	(373,188)	-	-	-	9,979,214
Construction in progress	8,698	4,740,259	-	(4,748,957) (*)	-	-	-
	83,509,293	**7,690,244**	**(405,688)**	**-**	**5,730,650**	**259,818**	**96,784,317**
Accumulated depreciation:							
Buildings, and land improvements	(2,957,761)	(568,389)	-	-	-	-	(3,526,150)
Machinery and equipment	(28,017,293)	(2,541,800)	-	-	-	-	(30,559,093)
Motor vehicles	(266,237)	(40,968)	25,165	-	-	-	(282,040)
Furniture and fixtures	(5,189,635)	(663,768)	47,453	-	-	-	(5,805,950)
	(36,430,926)	**(3,814,925)**	**72,618**	**-**	**-**	**-**	**(40,173,233)**
Net book value	**47,078,367**						**56,611,084**

(*) The transfers classified under the construction in progress account and capitalised in the current period are related to the additional machinery and equipment investments for the production of bottled water in Sakarya plant.

Current year's depreciation and amortisation charges were allocated to cost of production by TL3,064,677 (2008: TL2,593,531), to selling and marketing expenses by TL674,100 (2008: TL648,935) and to general and administrative expenses by TL625,614 (2008: TL588,459) (Note 29).

Market Valuation

Land and buildings and machinery and equipments, that are used in the Company's operations, are stated at their fair values based on the valuations performed by the external independent valuers, at 31 December 2008, less the subsequent depreciation and these carrying values are assumed to approximate their fair values at 31 December 2009. Revaluations of land were based on market reference comparison method. However, since there were not any recent similar buying/selling transactions nearby, revaluations of land improvements and buildings were derived from cost approach method considering recent re-construction costs and related depreciation. The valuation of the machinery and equipment is based on all the active and functioning assets in the integrated plant. Such machinery and equipment were reviewed and assessed by their lines

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2009 and 2008 were as follows:

	2009	2008
1 January	**17,351,076**	**13,570,292**
Depreciation transferred from retained earnings	(1,442,231)	(1,205,609)
Increase in fair values arising from revaluation of land, buildings and land improvements	-	2,821,704
Increase in fair values arising from revaluation of machinery and equipment	-	2,908,946
Deferred income tax on depreciation transfer	-	241,122
Deferred income tax arising from revaluation	-	(985,379)
31 December	**15,908,845**	**17,351,076**

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 2009 and 2008, are as follows:

31 December 2009:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	573,256	6,524,517	43,272,331
Less: Accumulated depreciation	-	(2,133,899)	(31,137,296)
Net book value	**573,256**	**4,390,618**	**12,135,035**

31 December 2008:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	573,256	6,452,267	43,225,918
Less: Accumulated depreciation	-	(1,839,208)	(29,706,689)
Net book value	**573,256**	**4,613,059**	**13,519,229**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2009 and 2008 were as follows:

	1 January 2009	Additions	31 December 2009
Costs:			
Rights	1,037,149	-	1,037,149
Accumulated amortisation	(1,021,253)	(2,490)	(1,023,743)
Net book value	**15,896**		**13,406**

	1 January 2008	Additions	31 December 2008
Costs:			
Rights	1,032,649	4,500	1,037,149
Accumulated amortisation	(1,005,253)	(16,000)	(1,021,253)
Net book value	**27,396**		**15,896**

NOTE 20 - GOODWILL

None (2008: None).

NOTE 21 - GOVERNMENT GRANTS

None (2008: None).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2009	31 December 2008
a) Short-term provisions:		
Provision for expense accruals (*)	2,405,000	2,233,194
Management bonus accruals	220,000	250,000
Other	-	129,643
	2,625,000	**2,612,837**

(*) The provision is related to the water and the rent charges in the scope of the law suit filed by the Special Provincial Administration against the Company and movement for provision for expense accruals is as follows:

	2009	2008
1 January	**2,233,194**	**2,056,863**
Increase in the current period (Note 31.b)	171,806	176,331
31 December	**2,405,000**	**2,233,194**

	31 December 2009	31 December 2008
b) Guarantees given:		
Bails	618,470,127	682,915,200
Guarantee letters	444,497	366,157
	618,914,624	**683,281,357**

As of 31 December 2009, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Entegre Et ve Un Sanayi A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. for repayment of borrowings obtained by Yaşar Group companies from international capital markets amounting to EUR286,289,000 equivalent of TL618,470,127 (2008: EUR319 million equivalent of TL682,915,200).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended at 31 December 2009 and 2008 were as follows:

	31 December 2009	31 December 2008
CPM provided by the Company:		
A Total amount of CPM given on behalf of the Company	444,497	366,157
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	618,470,127	682,915,200
i. Total amount of CPM given on behalf of the main shareholder	391,638,627	441,004,800
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	226,831,500	241,910,400
iii. Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
	618,914,624	**683,281,357**
Total amount of other CPM/Equity	880.8%	1,113.6%
c) Guarantees received:		
Mortgages	1,601,100	1,721,102
Guarantee letters	107,000	100,000
Cheques received as guarantee	92,605	6,000
Guarantee notes	91,002	153,000
	1,891,707	**1,980,102**

NOTE 23 - COMMITMENTS

Total amount of raw material purchase commitments as of 31 December 2009 is amounted to TL1,100,320 (2008: TL1,035,520).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2009	31 December 2008
Provision for employment termination benefits	434,055	329,238
	434,055	**329,238**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL2,365.16 for each year of service as of 31 December 2009 (31 December 2008: TL2,173.18).

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 TL2,427.04 which is effective from 1 January 2010 (1 January 2009: TL2,260.05) 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 2009	31 December 2008
Discount rate (%)	5.92	6.26
Probability of retirement (%)	96.53	96.53

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

	2009	2008
1 January	**329,238**	**246,585**
Interest cost	19,491	15,436
Actuarial loss	148,835	14,336
Annual charge	93,506	88,022
Paid during the year	(157,015)	(35,141)
31 December	**434,055**	**329,238**

The total of interest cost, actuarial losses and annual charge for the year amounting to TL261,832(2008: TL117,794) were allocated to general administrative expenses by TL242,051 (2008: TL75,083) (Note 29) and to cost of sales by TL19,781 (2008: TL42,711).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 25 - PENSION PLANS

None (2008: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2009	31 December 2008
a) Other current assets:		
VAT receivable	871,763	2,636,198
Order advances given	31,698	39,034
Prepaid taxes	30,527	105,587
Other	1,854	278
	935,842	**2,781,097**
b) Other non-current assets:		
Order advances given	68,992	-
Prepaid expenses	30,083	40,364
	99,075	**40,364**
c) Other current liabilities:		
Withholding taxes and funds payable	161,985	321,329
Advances Received	13,012	28,431
	174,997	**349,760**

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 TL1. The Company's historical authorized registered share capital as at 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Registered share capital (with historical values)	50,000,000	50,000,000
Paid-in share capital with nominal value	12,732,754	12,732,754

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - EQUITY (Continued)

The compositions of the Company's share capital at 31 December 2009 and 2008 were as follows:

	31 December 2009		31 December 2008	
Shareholders	**Share (%)**	**Amount**	**Share (%)**	**Amount**
Yaşar Holding	57.93	7,376,045	57.93	7,376,045
Public Quotation	32.46	4,132,567	32.46	4,132,567
Pınar Süt Mamülleri Sanayii A.Ş. ("Pınar Süt")	8.81	1,122,150	8.81	1,122,150
YBP	0.80	101,992	0.80	101,992
	100	**12,732,754**	**100**	**12,732,754**
Inflation adjustment to share capital		11,713,515		11,713,515
Total paid-in capital		**24,446,269**		**24,446,269**

Inflation adjustment to share capital amounting to TL11,713,515 (2008: 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 12,732,754 (2008: 12,732,754) units of shares with a face value of TL1 each as of 31 December 2009.

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.

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below:

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - EQUITY (Continued)

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits, after statutory carry forward tax losses deducted, at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in share capital in case of full distribution of respective profit as dividend. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TL2,647,909(2008: TL2,181,402) as of 31 December 2009. The unrestricted extraordinary reserves the Company amount to TL8,990,902 (2008: TL4,116,726), 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.

Based on the decision of General Assembly meeting on 13 May 2009, dividend payment was made to owners of redeemed shares by the amount not exceeding the 10% of dividend to shareholders in accordance with the articles of the association of the Company. The Company has distributed 20% of the net income for the year 2008 amounting to TL1,144,248 as first dividend and TL390,000 as redeemed share, total of which amounted to TL1,534,248.

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 in 2009. 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - EQUITY (Continued)

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

	31 December 2009	31 December 2008
Extraordinary reserves	8,990,902	4,116,727
Net profit for the year	7,603,243	7,027,191
	16,594,145	**11,143,918**

NOTE 28 - SALES AND COST OF SALES

	2009	2008
Domestic sales	89,092,910	97,197,731
Exports	3,874,472	3,852,151
Gross sales	**92,967,382**	**101,049,882**
Less: Discounts	(38,119,087)	(39,764,728)
Returns	(146,898)	(117,962)
Net sales	**54,701,397**	**61,167,192**
Cost of sales (-)	**(37,217,559)**	**(40,891,459)**
Gross Profit	**17,483,838**	**20,275,733**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

	2009	2008
a) Marketing, selling and distribution expenses:		
Advertisement	2,586,750	2,952,202
Transportation and export expenses	1,274,320	1,671,961
Depreciation and amortisation (Note 18)	674,100	648,935
Staff costs	298,346	293,248
Repair and maintenance	201,757	102,082
Rent	125,592	1,154,148
Energy costs	73,761	52,034
Other	416,546	349,571
	5,651,172	**7,224,181**
b) General administrative expenses:		
Staff costs	2,473,664	2,304,411
Consultancy	1,047,778	1,230,091
Outsourced services	630,574	429,530
Depreciation and amortisation (Note 18)	625,614	588,459
Employment termination benefits (Note 24)	242,051	75,083
Management bonus	220,000	420,000
Energy costs	196,074	217,612
Tax (excluding corporate tax)	165,232	74,438
Rent expense	150,174	160,314
Communication and IT expenses	132,470	264,183
Representation and hosting	82,931	109,042
Other	329,489	677,166
	6,296,051	**6,550,329**
Total operating expenses	**11,947,223**	**13,774,510**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - EXPENSES BY NATURE

	2009	2008
Direct and indirect material and finished goods costs (Note 13)	21,634,661	24,379,197
Depreciation and amortisation (Notes 18 and 19)	4,383,291	3,931,313
Staff costs	4,226,556	3,978,182
Palette and policarbon costs	4,214,881	5,577,301
Outsourced services	3,237,480	3,205,752
Utilities	2,710,448	2,566,962
Advertisement	2,586,750	2,952,202
Repair and maintenance	1,734,318	1,403,737
Transportation	1,274,320	1,671,961
Consultancy	1,047,778	1,230,091
Rent	676,863	1,653,552
Employment termination benefits (Note 24)	261,832	117,794
Management bonus	220,000	420,000
Other	955,604	1,577,925
	49,164,782	**54,665,969**

NOTE 31 - OTHER OPERATING INCOME/(EXPENSE)

	2009	2008
a) Other operating income:		
Revenue from sales of scrap and packing materials	267,444	281,987
Reversal of litigation expense provision	79,757	-
Reversal of management bonus provision	30,000	-
Reversal of impairment on property, plant, and equipment (Note 18)	-	259,818
Other	86,663	39,779
	463,864	**581,584**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 31 - OTHER OPERATING INCOME/(EXPENSE) (Continued)

b) Other operating expenses:

	2009	2008
Donations	(279,629)	-
Provision for rent and water expense (Note 22.a)	(171,806)	(176,331)
Loss on sales of property, plant and equipment	(96,813)	(43,586)
Impairment on inventories (Note 13)	(95,043)	(24,672)
Other	(42)	(16,532)
	(643,333)	**(261,121)**

The Company donated to TL210,530 to its related parties in 2009 (Note 37.ii.l).

NOTE 32 - FINANCE INCOME

	2009	2008
Bail charge to related parties (Note 37.ii.i)	1,447,766	1,346,858
Foreign exchange gain	685,406	1,133,700
Dividend income (Note 37.ii.j)	647,239	590,685
Interest income	398,903	179,284
	3,179,314	**3,250,527**

NOTE 33 - FINANCE EXPENSE

	2009	2008
Foreign exchange loss	789,233	1,862,821
Interest expense	230,054	308,508
Bank commission expenses	109,136	186,461
Other	3,184	19,690
	1,131,607	**2,377,480**

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

None (2008: None).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND LIABILITIES

As of 31 December 2009 and 2008, prepaid income taxes and deferred tax liabilities are as follows:

	31 December 2009	31 December 2008
Provision for income taxes	1,864,374	1,705,995
Less: Prepaid corporate tax	(1,719,924)	(944,344)
Current income tax liabilities	**144,450**	**761,651**

In Turkey, the corporation tax rate of the fiscal year 2009 is 20% (2008: 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 other tax liabilities arise other than the event of dividend distribution.

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 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.

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% (2008: 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% (2008: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2008: 17) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to be set off against other liabilities to the government.

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

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 Group 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND LIABILITIES (Continued)

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 ended 31 December are summarised as follows:

	2009	**2008**
Current corporation income tax expense	(1,864,374)	(1,705,995)
Correction of previous year's Corporate Tax (*)	67,739	-
Deferred income tax income/(expense)	379,219	(150,968)
Taxation on income	**(1,417,416)**	**(1,856,963)**
Tax expense on other comprehensive income	(212,896)	(41,381)
Tax expense on total comprehensive income	**(1,630,312)**	**(1,898,344)**

(*) The effect of change in corporation income tax expense of 2008 is included in the statement of comprehensive income for the year ended at 31 December 2009.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of taxation on income for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
Profit before tax	**7,443,702**	**7,536,719**
Tax calculated at tax rates applicable to the profit	(1,488,740)	(1,507,344)
Non-deductible expenses	(13,805)	(145,553)
Income not subject to tax	32,261	52,212
Correction of prior year's Corporate Tax	67,739	-
Effect of depreciation transfer (Note 18)	-	(241,122)
Other	(14,871)	(15,156)
Taxation on income	**(1,417,416)**	**(1,856,963)**

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% (2008: 20%).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 35 - TAX ASSETS AND LIABILITIES (Continued)

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2009 and 2008 were as follows:

	Taxable temporary differences		**Deferred income tax assets/(liabilities)**	
	2009	**2008**	**2009**	**2008**
Useful life differences	7,959,062	7,016,680	(1,591,812)	(1,403,336)
Revaluation on buildings and land improvements	7,203,482	7,614,186	(1,440,696)	(1,522,837)
Revaluation on machinery and equipments	7,022,553	8,414,638	(1,404,511)	(1,682,927)
Restatement differences on tangible and intangible assets	2,327,123	3,293,132	(465,425)	(658,626)
Fair value reserve of available for sale investments	12,536,241	7,721,226	(626,814)	(386,063)
Revaluation on land	5,020,437	5,020,437	(251,022)	(251,022)
Impairment on available for sale investments	(2,878,822)	(2,739,548)	575,765	547,910
Provision for employment termination benefits	(434,055)	(329,238)	86,811	65,848
Management bonus	(220,000)	(250,000)	44,000	50,000
Other	(305,625)	(310,759)	61,126	62,152
Deferred income tax assets			767,702	725,910
Deferred income tax liabilities			(5,780,280)	(5,904,811)
Deferred income tax liability - net			**(5,012,578)**	**(5,178,901)**

The movement of deferred income taxes was as follows:

	2009	**2008**
1 January	**(5,178,901)**	**(4,242,295)**
Charged to statement of comprehensive income	379,219	(150,968)
Charged to fair value reserve of available for sale investments (Note 7)	(212,896)	(41,381)
Charged to revaluation reserve (*)	-	(744,257)
31 December	**(5,012,578)**	**(5,178,901)**

(*) The Company recognised the deferred income tax amounting to TL360,558 as of 31 December 2009 (2008: TL148,849) (Note 18) calculated from the depreciation transfer in the statement of comprehensive income in 2009, which was recognised in the retained earnings in the financial statements, prepared before 1 January 2009. Prior year financial statements were not restated within the context of materiality.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 36 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit 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 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.

Earning per share is calculated by dividing net profit for the period to weighted average number of shares during that period.

		1 January - 31 December 2009	1 January - 31 December 2008
Net profit for the period	A	6,026,286	5,679,756
Weighted average number of shares (Note 27)	B	12,732,754	12,732,754
Earnings per share with a TL1 face value	**A/B**	**0.4733**	**0.4461**

There are no differences between basic and diluted earnings per share.

NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Balances with related parties:

	31 December 2009	31 December 2008
a) Trade receivables from related parties:		
Birmaş	4,823,753	5,440,023
Yataş	754,925	576,431
Pınar Süt	57,664	109,786
Pınar Entegre Et ve Un Sanayii A.Ş. ("Pınar Et")	146	218,833
	5,636,488	6,345,073
Less: Unearned finance income	(13,367)	(22,450)
	5,623,121	**6,322,623**

As of 31 December 2009, the effective weighted average interest rate of short term due from related parties is 7.03% p.a. (2008: 16.46% p.a.) and due from related parties mature within one month (2008: one month).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

As of 31 December 2009, vendor and customer cheques obtained in return for the sales to Birmaş, amounting to TL 458,955 (2008: TL 1,747,791) are classified as trade receivables in the financial statements (Note 10.a).

Due from related party balances are mainly resulted from the sales of bottled water. The Company sells all of its products in the domestic market to its related party and associate, Birmaş, which is the sole distributor of the Company in domestic market as further explained in Note 1 to the financial statements. The Company's trade receivable from Yataş is attributable to exports. As of 31 December 2009 trade receivables from Pınar Et is mainly related to palette sales. As of 31 December 2009 trade receivables from Pınar Süt is related to Turquality incentive that has been collected by Pınar Süt from Undersecretariat of Foreign Trade on behalf of the Company.

As of 31 December 2009, due from related parties amounting to TL1,864,338 (2008: TL 2,165,765) were over due for a period of one month (2008: less than one month).

b) Other receivables from related parties:

	31 December 2009	31 December 2008
Yaşar Holding (*)	7,391,426	-
DYO Boya Fabrikaları A.Ş. ("DYO Boya")	176,776	171,421
Çamlı Yem, Besicilik San. ve Tic. A.Ş. ("Çamlı Yem")	65,502	69,517
Viking Kağıt ve Selüloz A.Ş. ("Viking Kağıt")	60,087	198,496
Other	23,536	60,278
	7,717,327	499,712
Less: Unearned finance income	-	(1,343)
	7,717,327	**498,369**

(*) During 2009, the Company has provided funds to Yaşar Holding amounting to TL7,080,000. The effective weighted average interest rate of the receivable is 11% p.a. and maturities are between 3 and 12 months based on the verbal agreement between two parties.

The other receivables from related parties consists of income from bail commission charges 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 (Note 22).

	31 December 2009	31 December 2008
c) Trade payables to related parties:		
Yadex Export-Import und Spedition GmbH ("Yadex")	195,516	-
Yaşar Holding	29,405	-
Bintur Turizm ve Catering Hizmetleri Tic. A.Ş. ("Bintur")	15,005	10,078
Other	13,125	38,074
	253,051	48,152
Less: Unincurred finance cost	-	(538)
	253,051	**47,614**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The effective weighted average interest rate applied to due to related parties is 7.02% p.a. as of 31 December 2009 (2008: 16.37% p.a.). Due to related parties mature mainly within three months (2008: one month).

	31 December 2009	31 December 2008
d) Other payables to related parties:		
Yaşar Holding	-	540,000
Other	7,813	7,574
	7,813	547,574
Less: Unincurred finance cost	-	(7,301)
	7,813	**540,273**

Founders Redeemed Share Allocation that was decided to be distributed from the profit of 2008 as decided by the General Assembly on 13 May 2009 was paid to Yaşar Holding in 2009. As of 31 December 2008, due to Yaşar Holding balance is arising from Founders Redeemed Share Allocation that was decided to be distributed from the profit of 2007 by the General Assembly of the Company on 15 May 2008.

ii) Transactions with related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
a) Product sales:		
Birmaş	50,642,035	56,720,750
Yataş	3,865,646	4,446,442
	54,507,681	**61,167,192**

The Company's sales in the domestic market are made to its associate, Birmaş, and its exports are made to Yataş.

b) Service sales

Yaşar Holding	183,730	163,629
Other	20,449	-
	204,179	**163,629**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

c) Sales of property, plant and equipment:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Birmaş	165,527	327,520
Other	-	20,200
	165,527	**347,720**

d) Other income from related parties:

Pınar Et	69,549	359,970
Pınar Süt	57,828	165,688
	127,377	**525,658**

Other income from Pınar Et is related to palette sales.

e) Product purchases:

Birmaş	2,440,091	2,820,417
	2,440,091	**2,820,417**

The Company purchased palettes and demijohns from Birmaş.

	1 January- 31 December 2009	**1 January – 31 December 2008**
f) Service purchases:		
Yaşar Holding	1,067,197	1,278,805
Yataş	254,736	93,804
Yadex	195,516	102,790
YBP	101,242	246,944
Pınar Foods GmbH ("Pınar Foods")	-	4,987
Other	44,210	12,667
	1,662,901	**1,739,997**

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

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

g) Other purchases:

	1 January- 31 December 2009	1 January – 31 December 2008
Birmaş	28,842	16,682
YBP	10,860	2,682
Other	1,672	16,339
	41,374	**35,703**

h) Finance expense:

Yaşar Holding	-	29,622
Other	-	1,680
	-	**31,302**

i) Finance income:

Yaşar Holding	1,202,791	869,758
Dyo Boya	214,284	202,662
Viking Kağıt	102,457	92,887
YBP	74,514	67,554
Other	125,741	113,997
	1,719,787	**1,346,858**

As mentioned in Note 22, the finance income consists of income from bail commission charges 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 commission rate used in the intercompany charges is 0.75% p.a. (2008: 0.75% p.a.). The Company also charges finance commission by 0.75% (2008: 0.75%) in relation to the aforementioned bail.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

	1 January - 31 December 2009	**1 January - 31 December 2008**
j) Dividends received:		
YBP (Note 32)	647,239	590,685
Birmaş (Note 16)	-	79,211
	647,239	**669,896**
k) Dividends paid:		
Yaşar Holding	1,053,005	4,006,741
Public Quotation	371,192	1,942,306
Pınar Süt	100,881	527,411
Other	9,170	47,936
	1,534,248	**6,524,394**

As explained in Note 27, the Company pays Foundered Redeemed Share Allocation to Yaşar Holding. The amount of Founders Redeemed Share Allocation that was decided to be distributed from the profit of 2007 is paid in 2009 (Note 37.i.d).

l) Donations:		
Yaşar Üniversitesi	200,000	-
Yaşar Eğitim ve Kültür Vakfı	10,530	-
	210,530	**-**

m) Bails given:

The Company jointly guarantees with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Entegre Et ve Un Sanayi A.Ş., Pınar Süt Mamülleri Sanayii A.Ş. ve Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. for the repayment of loans obtained by Yaşar Group companies from international capital markets and a financial institution amounting to EUR286,289,000 equivalent of TL618,470,127 (2008: EUR319 million equivalent of TL682,915,200).

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

n) 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:

	2009	2008
Short-term benefits	620,787	750,714
Bonus and profit-sharing	369,183	419,400
Termination benefits	108,156	-
Benefits after employment	-	-
Other long term benefits	3,973	3,687
	1,102,099	**1,173,801**

In line with the past experiences of the Company management, the Company has provided bonus and profit sharing provision from the net income for 2009 in an amount of TL220,000 (2008: TL250,000) (Note 22.a).

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.

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.

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. The Company sells all of its products in the domestic market to its related party and associate, Birmaş, which performs sales and distribution of the Company's products in the domestic market. In this respect, these risks are monitored by the Company through Birmaş with credit ratings, limiting the aggregate risk from any individual counterparty and receiving guarantees when required. Birmaş manages those risks arising from sales to dealers and direct customers by limiting the aggregate risk from any individual counterparty and receiving guarantees when required. The Company management, in line with the past experiences, there were never significant defaults or delays in payments, thus, believes that credit risk is well managed and monitored effectively and credit risk is limited to carrying amounts of the financial assets. Also the Company's exports are performed by another related party, Yataş, and those receivables are followed by the Company through Yataş.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

31 December 2009	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**5,623,121**	**475,653**	**7,717,327**	**31,632**	**641,870**	**14,489,603**
	-	**-**	**-**	**-**	**-**	**-**
A. Net book value of financial assets not due or not impaired	3,758,783	448,544	7,406,768	31,632	641,870	12,287,597
B. Net book value of financial assets, whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	1,864,338	27,109	310,559	-	-	2,202,006
- The part covered by guarantees etc	-	-	-	-	-	-
D Net book value of assets impaired						
- Past due (gross book value)	-	87,857	-	-	-	87,857
- Impairment amount (-)	-	(87,857)	-	-	-	(87,857)
- 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	-	-	-	-	-	-

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

31 December 2008	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**6,322,623**	**1,750,471**	**498,369**	**26,266**	**41,996**	**8,639,725**
- The part of maximum credit risk covered with guarantees etc	-	-	-	-	-	-
A Net book value of financial assets not due or not impaired	4,156,858	1,750,471	20,411	26,266	41,996	5,996,002
B. Net book value of financial assets, whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-
C Net book value of assets past due but not impaired (4)	2,165,765	-	477,958	-	-	2,643,723
- The part covered by guarantees etc	-	-	-	-	-	-
D Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	87,857	-	-	-	87,857
- Impairment amount (-)	-	(87,857)	-	-	-	(87,857)
- 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) Receivable balances are mainly resulted from the sales of bottled and demijohn water.
(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.
(3) None.

(4) Considering the past experiences, the Company management does not foresee any collection problem for the overdue receivables and the aging of these receivables is as follows:

	Receivables		
31 December 2009	**Trade Receivables**	**Other Receivables**	**Total**
1-30 days overdue	1,493,693	15,919	1,509,612
1-3 months overdue	205,548	229,138	434,686
3-12 months overdue	192,206	65,502	257,708
The part covered by guarantees	-	-	-
	1,891,447	**310,559**	**2,202,006 (*)**

(*) TL1,793,856 of the receivables that were overdue but not impaired have been collected as of the approval date of the financial statements.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

		Receivables	
31 December 2008	**Trade Receivables**	**Other Receivables**	**Total**
1-30 days overdue	1,759,942	13,836	1,773,778
1-3 months overdue	405,823	265,626	671,449
3-12 months overdue	-	198,496	198,496
The part covered by guarantees	-	-	-
	2,165,765	**477,958**	**2,643,723**

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 adequate committed funding lines from high quality lenders. The Company management closely monitors the timely collection of trade receivables, take actions to minimize the effect of delay in collections and arrange cash and non-cash credit lines from financial institutions in case of a requirement.

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2009 and 2008 are as follows:

31 December 2009:

	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	5,267,302	5,350,548	991,257	881,911	3,477,380
Trade payables	4,740,168	4,779,173	4,779,173	-	-
Other payables	61,166	61,166	61,166	-	-
	10,068,636	**10,190,887**	**5,831,596 (*)**	**881,911**	**3,477,380**

(*) The Company management does not foresee any difficulty in paying its non-derivative financial liabilities considering the operating cash flows and current assets of the Company.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

31 December 2008:

	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	6,957,849	7,698,022	655,096	1,290,125	5,752,801
Trade payables	5,744,789	5,804,103	5,804,103	-	-
Other payables	739,020	746,311	746,311	-	-
	13,441,658	**14,248,436**	**7,205,510**	**1,290,125**	**5,752,801**

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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

	Foreign Currency Position							
	31 December 2009				31 December 2008			
	TL Equivalent	USD	EUR	Other	TL Equivalent	USD	EUR	Other
1. Trade Receivables	637,674	62,256	251,787	-	395,848	83,106	126,199	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	290,484	22,458	118,812	-	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**928,158**	**84,714**	**370,599**	**-**	**395,848**	**83,106**	**126,199**	**-**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**928,158**	**84,714**	**370,599**	**-**	**395,848**	**83,106**	**126,199**	**-**
10. Trade Payables	(217,901)	(9,860)	(93,994)	-	(72,970)	(7,821)	(28,560)	-
11. Financial Liabilities	(1,763,621)	-	(816,378)	-	(1,804,058)	-	(842,703)	-
12a.Monetary Other Liabilities	(17,606)	(11,693)	-	-	(17,683)	(11,693)	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	(1,999,128)	(21,553)	(910,372)	-	(1,894,711)	(19,514)	(871,263)	-
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(3,384,157)	-	(1,566,522)	-	(5,055,576)	-	(2,361,536)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**(3,384,157)**	**-**	**(1,566,522)**	**-**	**(5,055,576)**	**-**	**(2,361,536)**	**-**
18. Total Liabilities (13+17)	**(5,383,285)**	**(21,553)**	**(2,476,894)**	**-**	**(6,950,287)**	**(19,514)**	**(3,232,799)**	**-**
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)	**(4,455,127)**	**63,161**	**(2,106,295)**	**-**	**(6,554,439)**	**63,592**	**(3,106,600)**	**-**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(4,455,127)**	**63,161**	**(2,106,295)**	**-**	**(6,554,439)**	**63,592**	**(3,106,600)**	**-**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Export	**3,874,472**	**2,493,281**	**-**	**-**	**3,852,151**	**3,033,288**	**-**	**-**
24. Import	**305,263**	**199,310**	**-**	**-**	**4,795,536**	**3,739,923**	**-**	**-**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

31 December 2009	**Table of Sensitivity Analysis for Foreign Currency Risk**			
	Profit/Loss		**Equity**	
	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	9,510	(9,510)	-	-
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**9,510**	**(9,510)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	(455,023)	455,023	-	-
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect (4+5)	**(455,023)**	**455,023**	**-**	**-**
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	-	-	-	-
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**(445,513)**	**445,513**	**-**	**-**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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

31 December 2008	**Table of Sensitivity Analysis for Foreign Currency Risk**			
		Profit/Loss	**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change of USD by 20% against TL:				
1- Asset/Liability denominated in USD	19,234	(19,234)	-	-
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**19,234**	**(19,234)**	**-**	**-**
Change of EUR by 20% against TL:				
4- Asset/Liability denominated in EUR	(1,330,122)	1,330,122	-	-
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(1,330,122)**	**1,330,122**	**-**	**-**
Change of other currencies by 20% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	-	-	-	-
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9 Other Foreign Currency Effect - net (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**(1,310,888)**	**1,310,888**	**-**	**-**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 2009	**31 December 2008**
Financial instruments with fixed interest rate		
Financial assets	580,746	26,266
Financial liabilities	2,428,619	3,500,088
Financial instruments with floating interest rate		
Financial assets	13,816,101	8,571,463
Financial liabilities	7,586,664	9,941,570

According to the interest rate sensitivity analysis performed as at 31 December 2009, if interest rates on bank borrowings had been 1% higher while all other variables being constant, net profit for the year would be TL62,294 higher (2008: net profit for the year would be TL59,429 lower) 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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (including borrowings, trade, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents.

	31 December 2009	31 December 2008
Total financial liabilities	10,243,633	13,791,418
Less: Cash and cash equilavents (Note 6)	(644,932)	(42,445)
Net debt	9,598,701	13,748,973
Total equity	70,220,642	61,326,279
Debt/equity ratio	**14%**	**22%**

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.

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements at 31 December 2009 and 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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.

NOTE 40 - SUBSEQUENT EVENTS
Based on the decision of the General Assembly on 28 January 2010, the Company legally merged with Birmaş and paid-in capital was increased from TL12,732,754 to TL12,789,345.

NOTE 41 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS
None (2008: None).

NOTE 42 - EXPLANATION FOR CONVENIENCE TRANSLATION INTO ENGLISH
As of 31 December 2009, 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.