Pınar Et Annual Report 2013

for a better life

Quality and confidence for a better life...

Established in 1983, Pınar Et is the leader of Turkey's processed and frozen meat and meat products market.

Paying attention at all times to excellence and hygiene while producing to the most stringent international standards, Pınar Et constantly strives to raise the bar by which its quality is judged.

While providing consumers with wholesome, tasty, hygienic products, Pınar Et also maintains its standing as a sectoral pioneer through the innovations and firsts that it introduces to the market.

Pınar Et's consistently high standing among Turkey's most reputable brands is just one indication of how closely consumers identify with it.

Turkey's first privately-owned and operated integrated meat plant, Pınar Et offers products that continue to inspire the most delicious memories in people's lives.

My Source of Health and Flavor

My Source of Innovation

My Source of Life

Reporting period
01.01.2013 – 31.12.2013

Trade Name
Pınar Entegre Et ve Un Sanayii A.Ş.

Contact Information
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Factory
Ankara Asfaltı 25. Km Kemalpaşa - İzmir

Işıkkent Branch
Kemalpaşa Caddesi No: 250 Işıkkent - İzmir

Trade Registration
İzmir 45251 K:1912

Website
www.pinar.com.tr

Authorized Capital
TL 100,000,000.00

Paid-in Capital
TL 43,335,000.00

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Wholesome, reliable and flavorsome products...

Pınar Et in Brief

A purveyor of wholesome, safe, and tasty products that are a part of millions of consumers' everyday lives, Pınar Et is a company whose superior quality standards, high levels of customer satisfaction, and production, marketing, and sales prowess make it an outstanding national and international competitor.

leader

Pınar Et has been the leader of Turkey's processed and frozen meats and meat product markets for decades.

Since the day it was founded, Pınar Et has been using the most advanced technology available to keep consumers supplied with wholesome, tasty meats and meat products. The standards and principles to which Pınar Et adheres make it a model copied by others in its sector.

In order to keep coming up with innovations and improvements, Pınar Et keeps a close watch on consumers' wishes and expectations in a variety of ways. Feedback from such research its used as essential input that drives changes in all product segments. While providing the quality protein that is essential to good nutrition, Pınar Et also gives the utmost priority to food safety and traceability. The Company's production facilities and operations are audited annually by SAI Global, an internationally-respected independent food inspection agency. The high marks that Pınar Et consistently receives as a result of these audits are evidence that the Company deserves the confidence that consumers have in it.

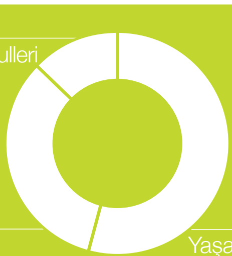
Corporate competencies and production strengths supported by decades of experience as well as by technology are the fundamental determinants of Pınar Et's growth roadmap. The Company continues without letup its efforts to expand its product line in order to achieve its goals of distinguishing itself by means of high added-value products and of pursuing growth in all product segments. In line with this, in 2013 Pınar Et completely overhauled its charcuterie and frozen food product lines in order to ensure compliance with recently introduced regulatory changes.

Pınar Et spent a total of TL 23.4 million on investments in 2013. Its reorganized Red Meat Charcuterie production division commenced operations early in the year while its fully-automatic sliced products packaging line went into production in the second half of the year.

The standards and principles to which Pınar Et adheres make it a model to be copied by others in its sector. Three decades of uninterrupted attention to excellence have made Pınar Et a brand that consumers say they have the most confidence in.

Pınar Et is a member of the Yaşar Group, one of Turkey's biggest and most highly respected conglomerates.

Pınar Et's Shareholder Structure (%)



Pınar Et shares are traded on the Borsa İstanbul National Exchange under ticker symbol PETUN.

Shareholder	% Share	Share Amount (TL)
Yaşar Holding A.Ş.	54.18	23,476,893
Pınar Süt Mamulleri San. A.Ş.	12.58	5,451,752
Others	33.24	14,406,355
Total	**100.00**	**43,335,000**

The Company's capital consists of "Class A" registered shares and of "Class B" bearer shares. Each Class A share is entitled to three votes at general meetings of the Company an each Class B share one vote.

Pınar Et's Competitive Advantages

An enduring leader of its market since the day it was founded, Pınar Et's greatest strengths are its sustainable quality, its ability to discern and respond to customers' wishes and needs fully and in a timely manner, and the unconditional confidence that it enjoys among consumers.

Pınar Et's commitment to ethical values and its well-defined marketing and sales processes fortify its market position as much as does its product quality.

Continuously seeking to grow its sector as befits its stature as its leading brand, Pınar Et always keeps a close watch on different consumers' needs and demands and comes up with and delivers solutions that address them.

Steadily growing brand value

- One of Turkey's 10 "super-brands" [1]
- One of the top ten most reputable brands [2]
- One of Turkey's most admired companies [3]

Production strengths and product portfolio enriched by quality standards.

- Reputation as an innovative pioneer
- More than 300 SKUs
- R&D experience
- Production conforming to hygiene and EU standards
- Both technical and sectoral knowledge and experience
- Compliance with food safety and quality standards at every stage from procurements to finished product delivery
- ISO 9001-2008
- ISO 14001
- ISO 50001 2008
- ISO 18001
- FSSC 22000
- TSE 17025

Nationwide distribution and supplier networks

- YBP: Turkey's most extensive cold and frozen foods distribution chain
- 150,000 points of sale
- Technical knowledge and experience
- Synergetic distribution of milk and dairy products
- Broad-based procurements from every region of the country
- Strong relationships with farmers
- Contractual farming system

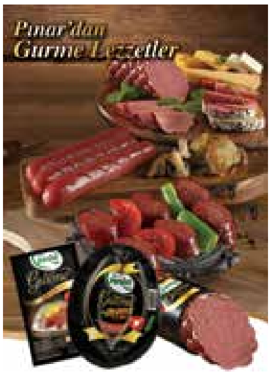
Shared Values

- Pınar Et shapes the course of its sector and increases its competitive strength with innovative products.
- Pınar Et creates added value for its stakeholders and the national economy by exporting goods to twenty countries.
- Pınar Et contributes to the Turkish economy by paying taxes and creating jobs.
- Pınar Et supports its sector's advancement and social wellbeing through its social responsibility projects.

[1] Superbrands
[2] RepMan & GfK 2013
[3] GfK & Capital 2013

Highlights from Pınar Et's History and its "Firsts"

Pınar Et was founded in 1983 as Turkey's first privately-owned and operated integrated meat plant.



1983
- Foundations for Pınar Et are laid.

1985
- Pınar Et, Turkey's first fully-integrated and privately-owned meat plant, is established.

1987
- Pınar Et introduces Turkey's first hamburgers specially made for the food trade.

1994
- Pınar Et becomes the first -industry concern in Turkey to receive ISO 9002 Quality Management System certification.

1998
- The Yaşar Group sets up the country's first fully-integrated facility to raise, slaughter, process, and sell turkey meat and meat products.

2000
- Pınar Et launches production of sliced meat products start for the first time in Turkey using clean-room technology and under the strictest hygienic conditions.

2001
- Pınar Et for the first time begins producing and selling doner for the food trade on an industrial scale but with the same delicious flavor and aroma as classical Turkish doner kebab.
- The same year, the Company also introduces frozen seafood products.

2003
- Pınar Et changes to TS ISO 9001:2000 Quality Management System certification.

2004
- Pınar Et is awarded ISO 14001 Environmental Management System certification.
- The same year, the Company also launches "Turkey's meatballs": Nine different varieties of traditional Turkish meatballs.

2006
- Pınar Et becomes the first company in its sector to receive TSE ISO 22000 Food Safety Management System certification.

2007
- Pınar Et becomes the first company in its sector to receive TSE OHSAS 18001 Occupational Health & Safety Assessment Series certification.
- The same year, the Company's success is recognized by an award from the İzmir branch of KalDer, the Turkish Quality Association.

2008

- Pınar Et becomes the first company in its sector to receive TSE 17025 Laboratory Certification.
- The same year it also becomes the first company in Turkey's food industry to undertake a Lean 6 Sigma operational excellence and productivity project.

2009

- Two new products– Pınar Misket Meatball and Pizzato Alaturka (a thin-crust pizza)–are introduced.

2010

- The Pınar Et "Aç Bitir" (easy-open, smaller sized) product line of salamis, sausages, and soudjouks is launched.
- Two additions to the frozen foods family consist of "Pizzatto Italiano" and "Gourmet Burger", the latter distinguished by its larger size and enhanced flavor.

2011

- Pınar Et Profesyonel is set up to cater to the away-from-home channel.
- Pınar Et demonstrates its expertise in charcuterie with the launching of its "Şölen", "Delight", and "Gurme" labels.
- The Pınar Et "Şölen" line is expanded with the addition of fenugreek- and cumin-flavored varieties.
- "Gurme" soudjouks and sausages made from top-quality meat are introduced to the market.
- The "Delight" label is launched with low-fat, low-sodium products that appeal to charcuterie-lovers who are also concerned about their weight and/or health.

2012

- In a survey conducted by GfK RepMan Reputation Research Center, Pınar Et is identified as one of Turkey's most highly-respected companies. BrandSpark International awards Pınar Et "Best New Product" citations for its "Aç Bitir Salami" and "Gurme Burger" products. According to Nielsen and Superbrands, Pınar Et is one of Turkey's top ten superbrands.

2013

- Four brand-new, ready-to-bake frozen börek varieties are introduced to consumers: cheese, potato, ground meat & potato, and labaneh & spinach.
- "Kadınbudu" and "Pizatto Mini" are added to the existing frozen meatball and pizza lineups respectively.

One of Turkey's leading corporate groups...

7,400

The Yaşar Group provides goods and services through 20 companies, 19 factories and plants, 2 charitable foundations, and about 7,400 employees.

The Yaşar Group

"Durmuş Yaşar Establishment", a shop in İzmir's Şeritçiler Çarşısı district which Durmuş Yaşar opened in 1927 and from which he sold naval stores and paints, went on to become the core of what is today the Yaşar Group, one of Turkey's leading corporate groups.

Well-known brands in different sectors

With 20 companies, 19 factories and plants, 2 charitable foundations, and about 7,400 employees, the Yaşar Group is the owner of brands that rank among the leaders of their respective business lines:

- Food & beverages
- Coatings
- Agricultural production
- Paper
- Tourism
- Foreign trade
- Energy

The Group's principal business lines consist of food & beverages and of coatings. The Group's two leading brands are Pınar (food & beverages) and Dyo (coatings). Both enjoy top-level rankings as Turkey's "best-known consumer brands".

Food & Beverages Division

The most beloved flavors
The most wholesome products
The most advanced technology

- Pınar Süt
- Pınar Et
- Pınar Su
- Çamlı Yem Besicilik
- Yaşar Birleşik Pazarlama
- Pınar Foods GmbH
- HDF FZCO

Coatings Division

Technological leadership
Strong brands and distribution network

- Dyo Boya Fabrikaları
- Dyo Matbaa Mürekkepleri
- Kemipex Joint-Stock Co.
- S.C. Dyo Balkan SRL
- Mediterranean Trade for Paints Co. (MTP Co.)

A corporate group that has authored many firsts

Keeping a close watch on developments in technology and maintaining an innovative approach, the Yaşar Group continues to author firsts in the business lines in which it is active.

The Yaşar Group launched Turkey's
- First national paints brand
- First 1,100 bed capacity hotel
- First privately-owned dairy plant conforming to international standards
- First privately-owned composite fertilizer plant
- First privately-owned paper plant
- First bottled mineral water supplied in non-returnable packaging
- First privately-owned integrated meat processing & packing plant
- Turkey's first aquaculture facility and production

In keeping with its environmental and social awareness approaches

Yaşar Holding strives to minimize the environmental impact of all of its economic and commercial activities. All Yaşar Group companies comply with all laws and regulations related to protecting the environment and to reducing pollution caused by business activities.

The Yaşar Group also involves itself in a variety of corporate social responsibility projects that support education, sport, culture, and art.

Regarding social responsibilities towards stakeholders as being one and the same as its economic responsibilities as a company, the Yaşar Group voluntarily joined the United Nations Global Compact network on 12 November 2007. In compliance with the requirements of that membership, the Company published communications on progress for 2009 and 2010 and sustainability reports for 2011 and 2012.

In 2012 the "CEO Statement of Support on behalf of Women's Empowerment Principles" was signed. In 2013, commitments were made to abide by gender policies which are set out in the "Declaration of Workplace Equality" and which are consistent with being a good corporate citizen such as increasing the number of women in the workforce and improving working conditions.

The communications on progress and the sustainability reports that the Group published in compliance with the Global Compact may be found on the Yaşar Holding corporate website at www.yasar.com.tr.

Six companies traded in the Borsa İstanbul

Six of Yaşar Holding's subsidiaries are traded on the Borsa İstanbul: Pınar Süt, Pınar Et, Pınar Su, Dyo Boya, Viking Kağıt, and Altın Yunus Çeşme.

The Yaşar Group's mission

To provide trusted-brand, superior-quality products and services that add value to consumers lives.

Tissue Paper Division

Eco-friendly production Innovative products

Lily

- Viking Kağıt

Trade & Service Division

Committed to superior service

ÇEŞME altın yunus RESORT & THERMAL HOTEL

- Altın Yunus Çeşme
- Bintur
- Yaşar Dış Ticaret
- YADEX International GmbH
- Desa Enerji

Foundations

A responsible corporate citizen

- Yaşar Education and Culture Foundation
- Selçuk Yaşar Sports and Education Foundation

The sector's leading author of innovations and firsts

Chairperson's Message

Turkey's first privately-owned and operated integrated meat plant, since the day it was founded Pınar Et has been providing consumers with wholesome, tasty, hygienic products and maintaining its standing as a sectoral pioneer through the innovations and firsts that it introduces to the market.

30 years

Three decades of uninterrupted attention to excellence have made Pınar Et a brand that consumers say they have the most confidence in.

Esteemed shareholders,

Pınar Et: The name of quality and flavor for three decades

Turkey's first privately-owned and operated integrated meat plant, since 1983 Pınar Et has been providing consumers with wholesome, tasty, hygienic products and maintaining its standing as a sectoral pioneer through the innovations and firsts that it introduces to the market.

Constantly striving to raise the bar by which its quality is judged and concentrating at all times on the rules of hygiene, Pınar Et's production conforms to international standards and complies with EU directives. Pınar Et is a member of the Yaşar Group, one of Turkey's biggest and most respected corporate groups. It is Turkey's leading maker and purveyor of charcuterie and frozen meats and meat products.

In the course of three decades, Pınar Et's perfectionist approach has always been recognized and appreciated by consumers, who have made it one of Turkey's most trusted and respected brands.

Pınar Et's 2013 performance further strengthened its stature as a market leader.

In 2013 our company booked gross sales of TL 593 million, which were up by 15% year-on, while its exports also increased by 29% last year. Our exports, which we continued to expand by entering new markets, reached USD 5.3 million in value.

In 2013 a new ministry communique governing meats and meat products went into effect in Turkey. While this constricted the overall market in some respects by imposing new rules, it also made it possible for Pınar Et to gain additional market share in every product category and segment in which it is active. In the case of charcuterie, Pınar Et boosted its share of total turnover by 2.3 percentage points to 22.9%.

A breakdown of our sales in processed meats shows that 31% consisted of soudjouks, 46% of salamis, and 23% of sausages.

Pınar Et remains the leading supplier of frozen meat products in Turkey. Last year we continued to grow that market by means of an information campaign. In the manti and börek segments, which we entered not long ago to expand our presence in frozen foods, we increased our market shares to 14.8% and 24% respectively.

We introduced 14 new products to the market.

In late 2012 the Food, Agriculture and Livestock Ministry published a new communique concerning meats and meat products that went into effect in March 2013. This communique governs a host of technical issues related to the production, packaging, and marketing of meat products; it also introduced a number of radical changes pertaining to meat product definitions and content. One outcome of these new rules was to significantly constrict the market while pushing price levels up but they also fueled a trend favoring higher added-value products.

For our own part we continued without letup our efforts to expand our product portfolio in line with our charted course of differentiating Pınar Et with precisely such products and of pursuing growth in all such segments.

With its extensive product lineup, Pınar Et has the ability to satisfy the needs and expectations of different customer groups, creates new market segments with its product innovations, and sets the trends that the rest of the sector's players follow.

In 2013 Pınar Et introduced fourteen new products, of which thirteen were for the home market and one for export.

In 2013 Pınar Et completely overhauled its charcuterie and frozen food product lines in order to ensure compliance with recently introduced regulatory changes. Our company's "Aç Bitir" ("Single-Portion") line registered especially strong growth last year. Now being imitated by our competitors, these products helped Pınar Et maintain its control of the fast-growing pre-sliced salamis market.

Pınar Et spent a total of TL 23.4 million on investments in 2013. Our reorganized Red Meat Charcuterie production division commenced operations early in the year and our fully-automatic sliced products packaging line went into production in the second half of the year.

In 2013 we carried out a communication investment in the small pre-sliced salami category. We intend to follow this up by supporting our growth in the Quick-Portion segment with similar investments for small-package soudjouks and sausages that can be consumed in one go.

Sales in our "Pınar Et Gurme" line of charcuterie products were strongly up in 2013. We intend to pursue additional growth in this brand with more investments in 2014.

In the frozen foods group, our growth plans are focused especially on dough products. In 2013 we launched four new frozen böreks that we had identified as having strong market appeal.

We are fulfilling our quality commitment to the utmost.

Pınar Et employs an integrated quality management system that covers all aspects of its production processes with the aim of ensuring that its products are made and supplied to consumers under conditions that are safe, wholesome, and hygienic. All quality management system practices are rooted in strict process management principles, are compatible with internationally-recognized standards related to food safety and procurement, and are governed by the Company's FSSC 22000 Food Safety Management System and Hazard Analysis & Critical Control Point System certifications.

Pınar Et's production facilities and operations are audited annually both by the Turkish Standards Institution and by SAI Global, an internationally-respected independent food inspection agency. In 2013 the Company was again inspected by both organizations, which again assigned "A" ratings to all of its management systems.

Our corporate governance rating has risen to 9.16/10.

The pioneer and leader of the Turkish meat and meat products industry, Pınar Et is also rated on its corporate governance performance. In its report issued last year, SAHA Corporate Governance and Credit Rating Services increased the Company's corporate governance rating from 8.77 to 9.16 out of 10.

The values, tenets, and practices common to all Yaşar Group companies are naturally taken into full account at Pınar Et as well. Recognizing the principles of commitment, transparency, accountability, and sharing as essential elements of our corporate pledge to stakeholders and acknowledging them as the cornerstones of our corporate governance approach, we maximize the internalization of those principles as we regard them as the cement binding together the successful management of our sustainable, profitable growth and the fulfillment of our vision of being a future-focused company.

Consumers' confidence is what propels us forward.

The fundamental determinants of Pınar Et's growth roadmap are innovative, technology-supported production strengths, a vision informed by deep-rooted experience, and a reputation as a responsible and trusted producer.

Pınar Et keeps a close watch on consumers' wishes and expectations in all product segments continuously and in a variety of ways. It analyses its findings and observations and uses this information as input for its product development processes. While providing the quality protein that is essential to good nutrition, Pınar Et also gives the utmost priority to the issues of food safety and traceability.

One outcome of this approach is that Pınar Et's charcuterie products were preferred by 42% of households in Turkey in 2013.

As a company whose standards and principles make it a firm that is trusted, followed, and imitated in its sector, Pınar Et is determined to keep advancing along the path of quality and flavor.

In closing I thank all of our stakeholders for accompanying us on this journey while offering my sincerest gratitude to our consumers for preferring our products and to our shareholders for their steadfast support.

İdil Yiğitbaşı
Chairperson of the Board of Directors

As a company whose standards and principles make it a firm that is trusted, followed, and imitated in its sector, Pınar Et is determined to keep advancing along the path of quality and flavor.

Board of Directors, Senior Management, Committees

İdil Yiğitbaşı
Chairperson

Yılmaz Gökoğlu
Deputy Chairperson

Turhan Talu
Independent Director

Ali Yiğit Tavas
Independent Director

Mehmet Aktaş
Director

Levent Rıza Dağhan
Director

Ergun Akyol
Director

The Board of Directors and Terms of Office

Name	Title	Term of Office
İdil Yiğitbaşı	Chairperson	14 May 2013 - One year
Yılmaz Gökoğlu	Deputy Chairperson	14 May 2013 - One year
Turhan Talu	Independent Director	14 May 2013 - One year
Ali Yiğit Tavas	Independent Director	14 May 2013 - One year
Mehmet Aktaş	Director	14 May 2013 - One year
Levent Rıza Dağhan	Director	14 May 2013 - One year
Ergun Akyol	Director	14 May 2013 - One year

Limits of Authority:
Both the chairperson and the members of the Board of Directors possess all of the authorities set forth in the applicable articles of the Turkish Commercial Code as well as in articles 10 and 11 of the Company's articles of association.

Senior Management

Name	Position
Tunç Tuncer	General Manager
Mustafa Şahin Dal	Financial Affairs and Budget Control Director
Muzaffer Bekar	Finance Director
Hakan İshakoğlu	Plant Director

Audit Committee

Name	Title
Turhan Talu	Head of the Committee
Ali Yiğit Tavas	Member

Corporate Governance Committee

Name	Title
Turhan Talu	Head of the Committee
Yılmaz Gökoğlu	Member

Early Detection of Risk Committee

Name	Title
Ali Yiğit Tavas	Head of the Committee
Turhan Talu	Member

* Background information about members of the Board of Directors and senior managers is provided on page 37 of this report.

The trend towards high added-value products...

2.8

Total red and white meat production in Turkey amounted to about 2.8 million tons in 2013.

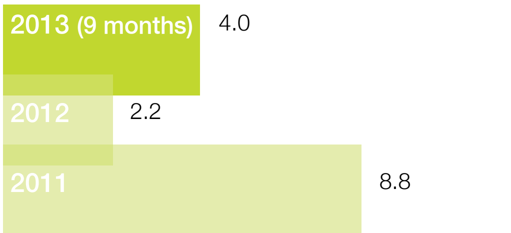
The Turkish economy and the sector in 2013

Average per capita consumption of red and white meat in Turkey is about 13.01 kgs and 21 kgs respectively. While these amounts has been increasing in recent years, they are still below world averages.

4%

The Turkish economy grew by 4% in the first nine months of 2013.

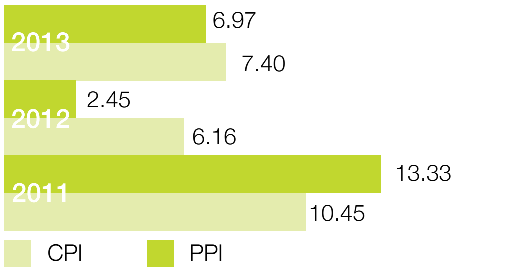
GDP Growth Rate - Fixed Prices (%)



The Turkish economy grew by 4% as of the third quarter of 2013

Having grown by 2.2% in 2012, the Turkish economy achieved a 4% rate of growth in the first nine months of 2013.

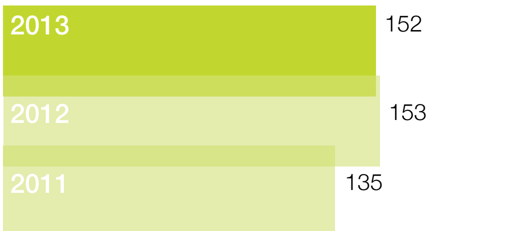
Inflation (%)



Inflation appears to be on a rising trend

At end-2013 Turkey's 2003 base-year consumer price index was 7.40% higher than what it had been twelve months earlier while the producer price index, which had declined by 2.4% in 2012, rose to 6.97% in the year to end-2013.

Exports (USD billion)



Exports make a net contribution to growth of zero

According to TurkStat-published provisional figures for 2013, Turkey's exports last year amounted to USD 151.9 billion in value while its imports weighed in at USD 251.7 billion.

Imports (USD billion)

The resulting USD 99.8 billion foreign trade deficit was 18.7% bigger than what it had been the year before while the ratio of the country's exports to imports fell from 64.5% in 2012 to 60.3% in 2013.

The Livestock and Meat Products Industry

Foremost among the more serious problems that people face in today's rapidly changing world is that of inadequate and unbalanced nutrition. According to the World Health Organization, a healthy human being needs to consume at least one gram of protein for each kilogram of body weight every day; furthermore, 42% of that needs to be animal-based protein. Some 72% of total daily protein consumption in Turkey by contrast is reported to be derived from plant-based foods.

The amount of protein consumed worldwide on a daily basis is put at 79 grams per person, of which amount 31 grams, or about 39%, is animal-based protein. This average masks a huge disparity between developed and developing countries however: in the former the proportion is as high as 65% while in the latter it may be as low as 20%.

Total red and white (ie poultry) meat production in Turkey in 2013 was about 2.8 million tons, some 3.7% more than was produced in 2012. The average amount of meat consumed annually in our country has reached 34.01 kgs/person, of which 13.01 kgs is red and 21.0 kgs is white meat.

In just over two decades there has been tremendous progress not just in cattle breed improvement in Turkey but also in livestock nutrition and management. In 1991, the average weight of a beef carcass was 143 kgs; last year it was nearly 286 kgs–a weight increase of 100%.

While Turkey's geography makes it suitable for livestock farming and for the production of animal-based products of every kind, much of that potential has yet to be tapped. One reason for this is that the practice of breed improvement has not become sufficiently widespread; the other is that farmers are constrained by high feed costs because not enough good-quality forage is being grown.

Among the other hindrances to the development of animal husbandry in Turkey, mention should also be made of insufficient locally available breeding stock, feeder cattle, and quality forage. Owing to high input costs, the sector is not globally competitive and suffers seriously from raw material price volatilities and uncertainties.

The number of "medium- and large-sized livestock enterprises" (defined as those having at least one herd of 50 cattle or more) in Turkey was 28,412 in 2013. Of that number, more than 24,000 were set up within the last ten years alone.

Poultry farming has also become increasingly more important in recent years. Two factors have been driving this trend: one is the steady rise in Turkey's urban population; the other is the growing appeal of poultry meat as a lower-cost alternative to red meat as a source of protein.

Total red meat production in Turkey amounted to nearly a million tons in 2013, of which 870 thousand tons was beef and only 127 thousand tons was lamb/mutton. This was about 8.5% more than in 2012. White meat production by contrast was nearly double that at close to 1,800 thousand tons, of which nearly all–1,758 thousand tons–consisted of chicken and merely 40 thousand tons consisted of turkey. On this basis therefore, total meat production in our country last year weighed in at around 2.8 million tons.

In a sector characterized by upwardly-moving prices, we are also witness to a strong trend towards higher-added-value products. Owing to its superior health (low-fat, low-cholesterol) and flavor values as well as to its higher protein content, turkey meat and products made from it are becoming an increasingly more attractive alternative protein source for consumers.

In 2012 the Food, Agriculture and Livestock Ministry published a new communique concerning meat and meat products that governs a host of technical issues related to the production, packaging, and marketing of meat products. The communique, which went into effect in March 2013, also introduces a number of radical changes pertaining to meat product definitions and content.

In March 2013, a 15% tax was imposed on the importation of AFO (animal feeding operation) beef cattle, which are animals that are to be finished in feedlots prior to slaughtering. Since then, there have been no such imports at all.

There are many things that could be done to support the sustainable growth and development of the meat farming industry in Turkey but the most efficient way of accomplishing this would be to carry out a thorough review of the sector's entire value-creation chain and to design and implement measures and incentives that have a consistent impact throughout that chain.

While a number of modern, large-scale livestock enterprises have been set up in our country in recent years, they have failed to achieve their full potential owing largely to problems with vertical integration. Smaller-scale operations on the other hand frequently suffer from difficulties such as inefficiency, lack of technology, limited market access, and disorganization. To overcome such problems, greater attention needs to be given to improving breeds, to introducing an EU-compliant carcass classification system in order to improve forage quality and give producers an incentive to do so, to combating animal diseases and pests, to improving and regulating pasturage, to increasing better-quality forage production, and to providing producers with more convenient access to up-to-date information.

Source: Ministry of Food, Agriculture and Livestock, TurkStat, ebk.gov.tr, Nielsen

Total red and white (ie poultry) meat production in Turkey in 2013 was about 2.8 million tons, some 3.7% more than was produced in 2012. The average amount of meat consumed annually in our country has reached 34.01 kgs/person, of which 13.01 kgs is red and 21.0 kgs is white meat.

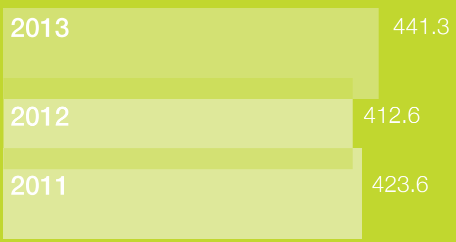
For all of our stakeholders...

22.9%
Share of the charcuterie market's total turnover

In 2013, Pınar Et:

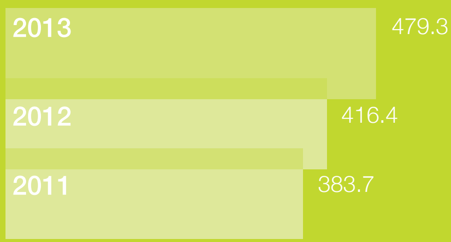
- by keeping abreast of the changes taking place in its sector, became the only brand to gain market share at the expense of its competitors in every category of a smaller overall market
- defended its leadership in the charcuterie market with a 22.9% share of total turnover
- increased its total net sales by 15.1% year-on
- registered a 29% rate of year-on-year growth in its exports
- was the preferred choice of 42% of Turkey's households in the charcuterie products segment.

Total Assets (TL million)



At end-2013, Pınar Et's total assets reached TL 441.3 million, with an increase of 7.0% compared to 2012.

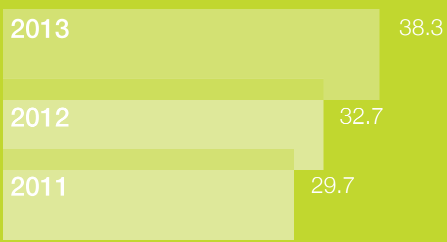
Net Sales (TL million)



Net sales increased by 15.1% to TL 479.3 million in 2013.

Gross sales increased by 14.92% year-on in 2013 and were worth TL 593 million. 98.3% of these sales were made to the domestic market; only 1.7% were due to exports.

Net Profit (TL million)



Pınar Et's net period profit was at a stronger level at TL 38.8 million than it was in 2012.

Shareholders' Equity (TL million)

At end-2013, Pınar Et's shareholders' equity was 5.3% higher than it was twelve months earlier and amounted to TL 333.0 million.

15.1%

Net sales increased by 15.1% in 2013 and reached TL 479.3 million in value.

Pınar Et's total sales weighed in at 45 thousand tons; this corresponds to a year-on rise of 2.1%.

Ratios

	2012	2013
Gross Profit Margin	17.4%	17.3%
Net Profit Margin	7.8%	8.0%
Current Ratio	1.9	1.7
Acid Test Ratio	1.4	1.3
Financial Leverage Ratio	0.2	0.2
Debt/Equity	0.3	0.3

42%

Pınar Et-brand charcuterie products achieved a household penetration rate of 42% in 2013.

Charcuterie products entered 88% of Turkey's households last year: in 42% households, the products were made by Pınar Et.

Market Shares

Salamis	Sausages	Soudjouks	Total Charcuterie
43.9% Leader	35.3% Leader	17% Leader	22.9% Leader

Source: Nielsen

22.9%

Pınar Et's share of the processed meats category increased from 20.6% in 2012 to 22.9% in 2013.

An extensive product portfolio shaped by consumers' expectations

An extensive product portfolio makes it possible for Pınar Et to satisfy a broad range of expectations and to appeal to many different customer groups. The innovative products that the Company introduces to the market are frequently the first in what becomes a brand-new segment. Pınar Et continues to be a market leader in this respect: its single-portion "Aç Bitir" line for example registered especially strong growth last year, is now being imitated by competitors, and keeps Pınar Et in the forefront of the burgeoning pre-sliced cold cuts market.

Strong financial performance rooted in a focus on selling high added-value products

Pınar Et's financial performance was such as to confirm both its projections and its expectations.

The Company's total assets, which amounted to TL 412.6 million in 2012, stood at TL 441.3 million as of end-2013.

Gross sales increased by 14.92% year-on in 2013 and were worth TL 593 million.

By successfully adhering to a strategy of focusing on selling high added-value products, the Company registered a 15.1% year-on rise in its total net sales revenues.

Gross profit similarly increased by 14.8% year-on and reached TL 83.1 million.

The sector's leader...

In 2013 Pınar Et was the only brand to gain market share at the expense of its competitors in every category of an overall smaller market.

Pınar Et's share of the processed meats category increased from 20.6% in 2012 to 22.9% in 2013. (Source: Nielsen)

In soudjouks, which is the biggest single product category in the meat and meat products market, Pınar Et remained the brand that first comes to consumers' minds with a 17% share of the segment's turnover. (Source: GFK-Tracking.) Pınar-brand soudjouks' clear leadership in this segment was unbroken in 2013. (Source: Nielsen-Ipsos HTP)

Pınar-brand salamis' turnover increased by 19% year-on and accounted for a 43.9% share of the total. This was more than three times that of the Company's nearest competitor. (Source: Nielsen) Pınar-brand salamis had an overall household penetration rate of 26.4% in 2013.

Pınar Et sausages remained the best-selling brand: their 35.3% share of the segment's turnover was 22 points higher than that of the nearest competitor and they achieved a household penetration rate of 14.7% last year. (Source: Ipsos HTP)

27%

In 2013 Pınar Et controlled a 27% share of turnover in the market for frozen meat, dough products, and seafood products.

Pınar Et remains the brand that consumers most trust and prefer in frozen foods, especially in frozen meat products: its 45% share of this category's turnover puts it well ahead of even its closest competitors.

Charcuterie products entered 88% of Turkey's households in 2013. In the case of 42% of households, the products were made by Pınar Et. (Source: Ipsos HTP)

Pınar Et remained one of the top two brands in the frozen foods market for meat products, seafood products, and dough products with a 27% share of the segment's turnover. (Source: Nielsen-Scantrack)

Particularly in the frozen meat products category, Pınar is by far the name most preferred by consumers: with a 45% share of the segment, it is way ahead of all of its competitors.

A total turnover share of 16.7% puts Pınar Et in second place in the frozen dough products category. By individual product segment it controls market shares of 24% and 18.5% respectively in frozen pizzas and frozen puff pastry. In the frozen manti segment, which we entered in late 2012, we quickly became one of the top two brands with a market share of 14.7%. Pınar Et's entry into the frozen börek segment in 2013 further boosted its presence in frozen dough products. The Company also controlled a 24.7% share of turnover in frozen seafood products last year. (Source: Nielsen-Scantrack)

Balanced growth in sales

Pınar Et's sales performance by product segment in 2013 paralleled changes experienced in the sector. By successfully adhering to a strategy of focusing on selling high added-value products during the year, the Company registered a 15.1% year-on rise in its total net sales revenues.

A breakdown of Pınar Et's sales in processed meats shows that 31% consisted of soudjouks, 46% of salamis, and 23% of sausages.

Although changes in the regulatory framework in March 2013 had the effect of constricting the overall market for charcuterie products, they helped Pınar Et boost its own market shares in soudjouks, salamis, and sausages while the Company's market share in the overall processed meats category increased from 20.6% to 22.9%. A tonnage-based analysis of consumer demand in the frozen foods market shows that 15% of it consists of meat products, 81% of dough products, and 4% of seafood products as compared with Pınar Et's own frozen foods portfolio, whose respective shares are 29%, 65%, and 5.5%. To strengthen its presence in the frozen dough products category, Pınar Et introduce mantis in late 2012 and böreks in August 2013. As of December last year, Pınar Et's market shares in these two segments were already up to 14.8% and 24% respectively.

The enduring leader of the processed and frozen meat products markets in Turkey for many years, Pınar Et's household penetration rates also continue to rise steadily. According to Ipsos HTP, a Pınar Et product enters 42% of all households at least once a year.

Exports contribute a bigger share to total revenues

Besides serving its home market, Pınar Et also exports goods to close to two dozen countries, most of them in Turkey's near abroad. In 2013 the Company increased such exports by 29% year-on and shipped charcuterie products, frozen products, and seafood products to Northern Cyprus, Azerbaijan, Iraq, Uzbekistan, Turkmenistan, Libya, USA, Bosnia-Herzegovina, Kyrgyzstan, Kuwait, UAE, Qatar, Bahrain, Oman, and Yemen. Last year the Company also began shipping a variety of products (sausages, burgers, meatballs) specially crafted for specific export markets.

In 2013 Pınar Et booked exports worth a total of USD 5.3 million. This corresponds to a year-on rise on the order of 29% in its export trade turnover.

One of the first companies to be included in the Turquality Project, Pınar Et has successfully completed its five-year association with the program and will be taking part in the second round.

Strategic investments continue according to plan

In 2013 Pınar Et continued to undertake investments focused on improving quality, customer satisfaction, and productivity in its production-, environment-, and people-related processes. Last year the Company spent a total of TL 23,425,000 on renewal investments, TL 6,000,000 on land and buildings, TL 2,970,000 on infrastructure and land improvements, TL 9,073,000 on machinery and facilities, TL 131,000 on vehicles, TL 4,292,000 on fixtures, and TL 202,000 on rights.

Work continued on strategic investments in the last quarter of 2013 with TL 12,875,000 being spent on the acquisition of a frozen fish processing plant, the aim of which is to grow the Company's market share in that business line. Work also continued on ongoing modernization investments aimed at increasing customer satisfaction and process efficiency.

TL 7,686,454 of the investments undertaken by Pınar Et in 2012 and 2013 are covered by the Company's investment incentives certificate (102023 dated 17 September 2011).

In 2014 the Company plans to pursue additional growth by undertaking investments in its "Gurme" and "Aç Bitir" charcuterie product lines, both of which have been demonstrating very successful sales performances.

It also plans to pursue growth in the frozen dough products line with the introduction of one or more new offerings in the börek category in keeping with market requirements.

Awards & recognitions

As the leading name in Turkey's processed meats industry, Pınar Et once again was the recipient of numerous awards and recognitions from respected organizations acknowledging the superiority of the Company's production standards, its use of technology, and its standing as an innovator and author of "firsts".

- In the "Turkey's Most Admired Companies" survey conducted jointly by GfK and Capital magazine, Pınar Et was the second most-liked company in Turkey's meat industry.
- According to a survey conducted by the RepMan Reputation Survey Center and GfK Türkiye in which 16,243 people in all seven of Turkey's geographical regions were polled, Pınar Et numbered among Turkey's ten most highly-respected companies. In this year's popularity poll, Pınar Et advanced from 8th to 7th place.
- All four of the top names in the Superbrands list are in the foods & beverages category. Pınar Et was one of them.
- In 2013 Pınar Et was the recipient of the Aegean Region Chamber of Industry's (EBSO) second-place awards in the "Highest Export Performance" and "Highest Production Performance" categories and it placed first in the "Highest Investment Performance", "Most Manufacturing Jobs Provided", and "Most Tax Paid" categories.
- In the fourth "Ay Yıldızları" competition conducted annually by the Packaging Manufacturers Association to recognize excellence and innovation in packaging design and implementation, Pınar Et received the "Award of Excellence" in the "Foods" category for its "Pınar Et Delight" and "Gurme Parmak" soudjouk products.
- At the İzmir Chamber of Commerce's annual taxpayers' awards ceremony, Pınar Et received a gold medal for reporting the highest net commercial earnings in the "Livestock, Meat and Meat Products Group" and also a bronze medal for its foreign exchange earning performance.
- In the sixth annual "Direct Marketing" awards conducted by the Direct Marketing Communicators Association, Pınar Et placed third among 357 projects submitted by 78 agencies in the "Guerrilla Marketing" category with its "Pınar Et Gurme Sucuk Lezzet Masası" campaign.

Corporate governance rating

According to the corporate governance compliance report issued by SAHA Corporate Governance and Credit Rating Services, Pınar Et's corporate governance rating, which was 8.77 out of a possible 10 in 2012, increased to 9.16 in 2013.

29%

Pınar Et successfully increased its exports by 29% in 2013.

For our customers and consumers...

30 years

More than three decades of focusing on excellence have made Pınar Et one of the brands that consumers most trust.

Wholesome, trusted, tasty products

Since the day it was founded, Pınar Et has been making use of the most advanced production technologies to supply consumers with wholesome and tasty products. This approach has made it a model followed by others in its sector not just because of the turnover which it creates but also because of standards and principles to which it adheres.

In the habit of analyzing consumers' needs and expectations on a regular and consistent basis, Pınar Et's more than three decades of focusing on excellence have made it one of the brands that consumers most trust.

Pınar Et's extensive product portfolio allows it to address a wide range of consumer tastes and preferences, to respond to different demands, and to satisfy the expectations of many different age and income groups.

In soudjouks for example, Pınar Et has a presence in the premium segment with "Klasik", "Şölen", "Gurme", and "Delight Coil"; in the mid-range segment with "Doyum Coil", and "Barbecue Delight"; and in the low-range segment with "Yörük Coil". Pınar Et Aç Bitir soudjouks are offered in a variety of package weights that can be consumed in one go.

In salamis, Pınar Et's high-end products are "All-Beef Hungarian Salami", "For Breakfast", "Salami with Pistachios", and "Turkey Meat Salami"; mid-range products are "Doyum" and "Pınar Büfe"; and the low-end product is "Yörük Salami". It supplies whole beef ("Hungarian", "Meat", "Pistachio") and turkey ("Meat", "Pistachio") salamis for sale at delicatessen counters and also a range of pre-sliced cold cuts under the "Açıkbüfe" and "Aç Bitir" labels.

In sausages, the premium portfolio consists of a range of vacuum-packed, breakfast, cocktail, long, and economical products; in the mid-range segment are "Doyum" vacuum-packed and cocktail sausages in various sizes; the low-end segment consists of "Yörük" label products.

Other Pınar Et products in the charcuterie market consist of beef and turkey ham and smoked turkey breast.

Pınar Et Product Groups

Charcuterie

Soudjouks
Salamis
Sausages
Cold cuts
Hams

Frozen Meat Products

Burgers
Meatballs
Breaded products

Frozen Dough Products

Pizzas
Puff pastry
Mantis
Böreks
Toast pizzas

Frozen seafood products

Crispy fish
Fish fingers
Shrimp
Sliced squid
Pre-cleaned anchovies
Filleted haddock
Filleted sardine
Breaded filleted sardines
Fish schnitzel

Trayed Precooked Products

Chicken cordon bleu
Turkey burgers
Turkey meatballs
Turkey doner

Seafood Products

Tuna
Filleted mackerel

Fresh Meat Products

Fresh turkey
Fresh beef and lamb
Frozen turkey
Frozen beef and lamb

14

In 2013 Pınar Et introduced fourteen new products, of which thirteen were for the home market and one was for export.

Focusing its attentions on high added-value products, Pınar Et continued its efforts to develop smaller-weight packages better suited to consumers' needs and purchasing power.

The principle of ongoing product portfolio improvement

Having formulated its product portfolio on the basis of consumers' needs and wishes, Pınar Et constantly improves its range in line with the same principle by designing and developing new products while incorporating new technologies and ideas into existing ones. Priority in new product design is given to products that will be highly competitive by appealing to consumers' wishes.

In 2012 Pınar Et continued to focus on high added-value products and to develop products offered in smaller-sized packaging that responds more effectively to consumers' buying power. The "Pınar Aç Bitir" (Pınar Single-Portion) line of products was further expanded with the launch of "Pınar All-Beef Hungarian Salami" and "Pınar Turkey Salami With Pistachios". Communication investments boosted sales of these products in 2013.

Pınar Et boosted its sales in the fast-growing frozen dough products category with new product launches in 2013. In the börek segment, which accounts for a significant share of this category, oven-ready products were introduced in two different forms with four new ingredients: cheese and potato trayböreks for the more traditionally-minded and ground meat & potato and labaneh & spinach roll böreks for the culinarily more adventurous. Consumers' responses to these new products have been very positive. We are now focusing on efforts to increase their availability in stores.

In 2013 Pınar Et introduced fourteen new products, of which thirteen were for the home market and one was for export.

New products

- Single-portion salami 75-gram four-pack
- All-beef grilling soudjouks, 2,000 grams
- All-beef single-portion sausages
- Oven-ready trayed cheese börek (400 & 800 grams)
- Oven-ready trayed potato börek (400 & 800 grams)
- Oven-ready ground meat & potato roll börek (500 grams)
- Oven-ready ground meat & potato roll börek (500 grams)
- Mini Pizza
- Kadınbudu Meatball

Export

- Truva sausages (240 grams)

AFH

- Sosis Kokteyl Büfe Ekstra (2,500 grams)
- Sosis Uzun Büfe Ekstra (2,500 grams)
- Ham Yörük Catering (2,000 grams)
- Ham Servis (2,000 grams)

Communication campaigns in 2013

Communication campaigns and promotional activities were carried out in 2013 with the aims of increasing consumer awareness of the different groups of products made by Pınar Et, enhancing Pınar Et brand prestige, and introducing new products.

Because it is the product category that generates the highest turnover in charcuterie and is also witness to both the strongest growth and the stiffest competition down through the years, communication activities continued to promote the Company's soudjouks.

Owing to the strong sales and competitive appeal of the "Gurme" line of soudjouks launched in 2011, communication activities sought to enhance consumer awareness and to boost market share.

Pınar Et's "Pınar Et's Tasty Ideas" campaign was a great success in 2013.

This product's TV ad was broadcast in April and May and it attracted favorable response from viewers. Outdoor, radio, and internet were used as media concurrent with the TV campaign. The products were also promoted by means of point-of-sale tastings, drawings, and outdoor guerrilla marketing activities.

For the Aç Bitir line, which introduced and then grew the single-portion concept originally in pre-sliced salamis, communication activities in 2013 also focused on supporting growth in small-pack, single-portion soudjouks and sausages recently introduced to the market as well. Launched in November, these ads made use of a variety of media such as outdoor and digital radio and are still continuing.

During the year Pınar Et undertook new communication activities for its offerings in the frozen products category. The resulting "Pınar Et's Tasty Ideas" campaign proved to be a great success.

Social media

twitter.com/PinarKurumsal
Consumers are provided with specially-created recipes, press releases, announcements, and holiday- and week-specific celebratory messages via the Company's corporate Twitter account. A special twitter.com/InfoPinar page was also opened in order to separate consumers' wishes, needs, and suggestions from the corporate page so that they may be dealt with more effectively. This page is integrated with the Pınar Et Communication Center, which is responsible for resolving any issues that may come up.

www.facebook.com/pratikanneler
A "Pratik Anneler" ("Practical Mothers") Facebook page was launched for the "Pınar Et Hazır Yemek" line. This account, which seeks to reach working mothers, provides them with content that helps make their everyday lives easier.

R&D to offer consumers the best, the most appropriate, and the most variety

In order to fulfill its mission of supplying consumers with wholesome, safe, and tasty meats and meat products, Pınar Et also gives importance to innovation and to keeping pace with technical and technological developments.

The Pınar Et R&D department was intensively involved in ensuring that the Company's products were compatible with the substantial changes introduced by the newly-published Turkish Food Codex Communique on Meat and Meat Products in 2013. Among other things this required optimizing product formulations and ensuring regulatory compliance in production processes.

Committed to remaining the author of "firsts" in the food industry, in 2013 Pınar Et once again kept track of domestic and international developments and research and to engage in product development and improvement activities in order to offer consumers the best, the most appropriate, and the most variety in line with their expectations.

quality

The Pınar Et quality management system is structured and managed so as to encompass all aspects of all products from original source to final consumer.

Production strengths and product portfolio enriched by quality standards

The Pınar Et quality management system is of great importance in achieving unconditional customer satisfaction. The Company deploys a quality management system that encompasses all aspects of all products from original source to final consumer with the aim of ensuring that products are made and supplied to consumers under conditions that are safe, wholesome, and hygienic. Quality management at Pınar Et is grounded in the Company's overall process management system, which makes it possible to identify critical control points where performance needs to be constantly monitored. The entire quality management system is also governed by the FSSC 22000 Food Safety Management System, which incorporates internationally recognized food safety standards as well as hazard analysis & critical control point (HACCP) elements.

Pınar Et owns and operates a fully-equipped laboratory that is capable of performing all of the chemical and microbiological analyses specified in Turkish Food Codex Meat Communiques. Pınar Et's laboratory received TS EN ISO/IEC 17025 certification in 2008, which entitles it to act as a contract laboratory for the Turkish Standards Institution (TSE). The chemical and microbiological compliance of Pınar Et products with the requirements of Turkish Food Codex Meat Communiques is verified in this laboratory, which, in addition to product analysis, also ensures that all outsourced inputs conform to specifications.

All of Pınar Et's production facilities and operations were audited first by TSE in May and then by SAI Global (a British independent food inspection agency) in September. As it does every year, it received "A" ratings in all categories.

Production Facilities	
Indoor	46,000 m^2
Outdoor	284,000 m^2
Total	**330,000 m^2**
Integrated Red Meat Plant	• Fresh & frozen beef & lamb • Charcuterie (soudjouks, salamis, sausages etc) • Frozen meat products (hamburgers) • Frozen meat products (meatballs) • Convenience foods (doner, cooked trayed products)
Integrated Turkey Meat Plant	• Fresh & frozen turkey meat • Frozen meat products (turkey and chicken)
Processed Seafood Plant	• Frozen fish meatballs, natural seafood
Byproducts Manufacturing Plant	• Animal feed raw materials (meat & bone meal etc)

Operating in plant facilities with about 46,000 m^2 of enclosed space, Pınar Et has a slaughtering and processing capacity corresponding to 102,000 cattle, 408,000 sheep, and 1,836,000 turkeys a year.

Pınar Et has been adhering to halal-compliant slaughtering practices since the day it was founded. This system, which was certified compliant with the TSE Halal Standard published in 2011, is audited twice a year.

Cost optimization

During 2013 Pınar Et continued with its ongoing projects aimed at economizing operations, cutting costs, and increasing production efficiency. Considerable savings are achieved through both the Operational Cost Improvement (OCI) and the Lean Six Sigma programs that were initiated in 1999 and 2008 respectively.

Lean Six Sigma projects

In 2013 Pınar Et completed its sixth round of Lean Six Sigma projects. The six projects worked on last year brings the total number carried out since 2008 to twenty. One of the important missions that Pınar Et undertakes is to improve and expand the capabilities of its suppliers. Project ideas submitted by Pınar Et process owners under the headings of “operational improvements”, “product packaging improvements”, “energy management to conserve environmental and natural resources”, and “warehouse management” are statistically reviewed and selected for their potential effectiveness.

OCI projects

An important element of the concepts of innovation and talent management that Pınar Et has internalized is operational cost improvement (OCI). In OCI, individuals are encouraged to report problems related to their own functions, to propose ideas to deal with the problems, and to implement the solutions that they come up with and are approved by management. A program of rewards for those whose projects are successful encourages personnel to suggest them.

IT activities

Pınar Et constantly reviews, expands, and renews its information technology infrastructure in order both to meet the needs of the day and to keep pace with its steady growth as a company.

As a result of a number of changes that were made in Pınar Et’s information technology (IT) infrastructure in 2013, significant improvements were achieved in business continuity, data security, and cost effectiveness.

1,200

One of Turkey's biggest and most important sales and distribution networks, Yaşar Birleşik Pazarlama employs a fleet of more than 1,200 vehicles.

Pınar Et makes 76% of its sales through Yaşar Birleşik Pazarlama, the Yaşar Group's sales and distribution company.

An advanced distribution network

Extensive technical knowledge and strong experience acquired through years of managing a country-spanning cold chain and frozen foods delivery and storage network number among Pınar Et's most important competitive advantages.

With transit nodes strategically located to give it access to the entire country, advanced technology, and a highly flexible structure, Pınar Et's cold and frozen foods chain is the biggest in Turkey.

Pınar Et makes 76% of its sales through Yaşar Birleşik Pazarlama, the Yaşar Group's sales and distribution company.

Yaşar Birleşik Pazarlama

Turkey's biggest sales and distribution network
Operating through 9 regional departments, more than a 100 dealerships, and 150 thousand sales outlets, Yaşar Birleşik Pazarlama ensures that Pınar-branded products reach customers and consumers in the freshest, most wholesome, and fastest way possible. With more than 500 types of product in 17 different categories maintained under three different degrees of climate control, Yaşar Birleşik Pazarlama is one of the biggest and most important sales and distribution organizations in Turkey.

Yaşar Birleşik Pazarlama employs a strong team of specialized, customer-focused, and experienced personnel and a fleet of more than 1,200 vehicles to sell and distribute the products made by the Yaşar Group Foods Division.

Keeping customer channels supplied with the products in the Company's portfolio in order to ensure both that the maximum number of sales outlets is reached and that product diversity is maximized at each outlet, Yaşar Birleşik Pazarlama's extensive and efficient distribution clout contributes significantly to Pınar-branded products standing as market leaders.

Because it conducts all of its business activities on the basis of efficiency and effective reporting, Yaşar Birleşik Pazarlama deploys state-of-the-art software systems to keep track of and report its operations and their results.

With its talent for managing results-focused customer relations and believing in the value of a qualified workforce that works as a team, Yaşar Birleşik Pazarlama develops and implements training programs which are compatible with its own business practices and which improve the sales and professional skills of its own personnel and those of its business partners.

Fundamental to all of Yaşar Birleşik Pazarlama's operations is a strategy that seeks to optimize transport costs and achieve effective stock management by maximizing sales outlets, product diversity, activities, customer relationship management, data management, and teamwork and by minimizing financial risks.

Yaşar Birleşik Pazarlama continues to develop new projects capable of increasing its economic efficiency and service quality as well as new practices that will improve productivity.

AFH

Pınar continued to develop products suitable for the AFH channel in 2013.

Pınar Profesyonel

Pınar Professional

According to figures published by the Turkish Statistical Institute, the away-from-home (AFH) market in Turkey is estimated to be worth TL 33 billion a year. In 2012 an AFH Marketing Department was set up in Yaşar Birleşik Pazarlama and began exploring opportunities and strategies for expanding the Company's expansion into the AFH business line.

In 2013 Yaşar Birleşik Pazarlama became a member of ETÜDER, a professional of suppliers who cater to the AFH consumption trade and whose membership consists of the sector's leading firms. On 28-31 March, the Company took part in AFH EXPO 2013, a trade fair organized jointly by ETÜDER and CNR Expo, and made use of the occasion to once again draw attention to the Pınar's stature as the sector's most important brand. As a crucial element of its AFH communication strategy, Yaşar Birleşik Pazarlama began developing communication with chefs and cooking professionals who are recognized opinion leaders. Last year the Company continued to develop more products suitable for the AFH channel.

Pınar Communication Center

Pınar's "Consumer and Customer First" principle demands that all company units quickly and correctly perceive not just consumers' but all external and internal customers' needs and take a nimble, proactive, and innovative approach in responding to their expectations for a better way of life. Adhering to a customer-focused business approach, Pınar Süt carefully examines and gives importance to requests and suggestions received from consumers.

Accessible from everywhere in Turkey on 444 7626 without the need to dial an area code, the Pınar Communication Center (PİM) is staffed by live operators who are on duty and respond to incoming calls between the hours of 07:00 and 23:00 every day of the week. Their job is to ensure that callers are provided with the information that they need as quickly as possible. PİM has a call success rate of about 90% and 92% of all calls are answered within 15 seconds. Last year a dedicated PİM Twitter account was opened by means of which it is possible to examine and respond to consumers' wishes and suggestions submitted through social media. Satisfaction surveys are regularly conducted among consumers who contact the center in order to systematically quantify PİM's service levels. A poll conducted among consumers who contacted the Pınar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.

91%

A poll conducted among consumers who contacted the Pınar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.

Pınar İletişim Merkezi
Tel: 444 76 27
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For our suppliers...

strong

Over the years Pınar Et has built up strong, collaborative relationships with its raw materials suppliers.

Suppliers are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

crucial

Pınar Et regards raw materials procurement as one of the most crucial components of its production processes.

Regarding raw materials procurement as one of the most crucial components of its production processes, Pınar Et has built up strong, collaborative relationships with its raw materials suppliers over the years. Such suppliers are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

Pınar Et itself carries out all of its own slaughtering in its own facilities. The Company obtains the meat it needs from live animals procured from domestic feedlots located in all six of Turkey's geographical regions. To ensure that it has access to best-quality meat from animals raised under veterinary supervision, Pınar Et supports the growth and development of "contractual feedlot operations".

All of the Company's live turkeys and some of its other live animals are obtained from Çamlı Yem Besicilik, a Yaşar Group company that is engaged in agricultural production.

The expanding volume of Pınar Et's own business also supports business volume growth among the suppliers with which it works. Regularly conducted inspections for example lead to the joint development of new materials and techniques that are better suited to food safety and this in turn provides suppliers with opportunities to move into new business lines. An all-embracing information network keeps suppliers up to date on the latest sectoral innovations and possible developments, allows the formation of quality and innovation circles, and encourages the introduction and use of innovations as soon as they appear.

For our employees...

Pınar Et believes that human resources play a vital role in its ability to achieve its objectives of operational excellence and sustainable growth.

In 2013

794

Pınar Et had an average of 794 people on its payroll in 2013.

Recognizing that human resources number among the essential elements of its growth and development since the day it was founded, Pınar Et seeks to make and keep its personnel effective and productive in their work and loyal to the Company. Pınar Et formulates its human resources policies in line with its fundamental business policies and strategies.

As is true at all Yaşar Group companies, Pınar Et's human resources strategy is rooted in the principle of "Improve manpower productivity by increasing the number of competent and effective human resources". Taking that as its point of departure, Pınar Et seeks to attract the labor market's most talented, qualified, creative, innovative, motivated, and high-performing people, to further improve the quality of its workforce, and to strengthen employee loyalty through fair-minded human resources policies and practices that win the hearts and minds of its personnel.

Thanks to such fair-minded human resources policies and practices, which are informed by and implemented according to "people first" attitudes, the Company has the ability to attract people who are superior in every respect. Pınar Et's workforce consists of individuals who have training and experience, who have a heightened sense of workgroup belonging and job ownership, who are open to all advances in knowledge, who value information sharing and the spirit of unity, and who identify with participatory management attitudes and with success-focused work.

Objectives- and competencies-based performance evaluations

Average training time per employee at Pınar Et in 2013 was 11.8 hours, with total training time amounting to 9,416 hours. Three main categories of training took place: Personal Development, Vocational Development, and Management Skill Development.

The number of Pınar Et employees taking part in the "Yaşar Academy", a newly created training platform that makes use of e-learning methodologies, increased in 2013.

Pınar Et takes part in university campus career days in order to have access to potential employees and to provide students with traineeship opportunities. Last year Pınar Et provided trainee positions for 104 university and 46 lycee students.

Aware that high levels of employee motivation and loyalty create a significant advantage in achieving success more quickly, Pınar Et has been soliciting feedback from its personnel through employee opinion surveys that it has been conducting regularly every other year since 1998.

Human resources management at Pınar Et is grounded in the following essential tenets:

- Increase the number of competent and effective human resources and employ outstanding people within the Company through a competency-based selection and placement process
- Through the deployment of a performance evaluation system, ensure that company and individual objectives coincide so as to enhance overall corporate performance
- Reward individual success and encourage even better efforts by evaluating employee performance on the basis of the degree to which goals have been achieved
- Formulate annual training & development plans by identifying compulsory and optional training components and implementing them accordingly
- Give importance to employees' physical and mental wellbeing and provide support training on health-related issues.

Owing to the expiration of the existing collective bargaining agreement on 31 December 2013, Pınar Et and the Tek Gıda Labor Union have entered into negotiations for new workplace-level contracts that will cover the period 1 January 2014 to 31 December 2015.

9,416

Pınar Et personnel received a total of 9,416 hours of training in 2013.

For the environment and the community...

CO_2

Committed to reducing the carbon footprint by 15% by 2020.

Pınar Et is at least as mindful of protecting the environment and respecting nature as it is of its economic performance.

Sustainability

A pioneering and exemplary corporate citizen who balances its economic interests with its environmental and social responsibilities, Pınar Et regards economic, environmental, and social sustainability as being essential to its own long-term, healthy, and profitable performance and it formulates its corporate strategies and objectives along those lines.

Pınar Et is at least as mindful of protecting the environment and respecting nature as it is of its economic performance. At every stage from procuring raw materials to transporting them and from the consumption of its products to recycling and recovering their waste, the Company continuously strives to minimize the environmental impact of its activities.

Environmental management programs

Making productive use of natural resources and abiding by practices that assign value to environmental matters are very important elements of Pınar Et's environment policy. When improving production and operational quality, the Company is careful not to have an adverse impact on the environment. Thus Pınar Et engages in efforts to improve its production technologies in order to increase the efficiency of both its production operations and its energy consumption. Such activities are carried out by Yaşar Holding sustainability teams in which Pınar Et personnel also take part.

The environmental management programs that are formulated for this purpose include energy efficiency, monitoring and reducing water consumption, waste recycling and management, and maximizing habitat protection.

Reductions in energy consumption

In 2013 Pınar Et was awarded TS ISO 50001 Energy Management System certification. Resource management is an issue to which Pınar Et gives the highest priority, the underlying goal of which is to carry out its production activities using less energy and water while generating less waste.

A heightened sense of environmental and social responsibility is the bedrock of Pınar Et's pioneering and exemplary corporate identity.

Greenhouse gas emissions

Having been rated on its greenhouse gas emission performance, Pınar Et then assessed methods to reduce its carbon footprint and commissioned projects to achieve this. The Company is now working to fulfill its target of reducing its carbon footprint by at least 15% by 2020. These projects have already resulted in improvements in operational greenhouse gas emissions.

Electrical energy conservation

Pınar Et has initiated projects to reduce its electricity and natural gas consumption as part of its Lean Six Sigma energy-conservation activities. So far these projects have reduced the Company's electricity and natural gas consumption per ton of output by 2.6% and 4.0% respectively.

Water use efficiency

Pınar Et seeks to efficiently manage the water that it uses in all of its production processes. The Company formulates and diligently implements a variety of projects to maximize water use productivity and to minimize effluents. By reducing the amounts of water discharged during the conduct of its production facilities and thus diminishing the workload of its effluent treatment systems, Pınar Et also conserves energy.

Reducing water use

- Regularly checking the water pipes connecting to ammonia refrigeration condensers and steam boilers results in less water being used.
- Savings in water consumption are achieved by means of closed-loop water chillers installed on production machinery.
- An automated closed-loop steam-cycle heating system is now being used instead of the hot water system which used to be used to liquidize the fat needed to deep-fry further-processed products. This has result in the use of less electricity as well as less water.

Packaging waste management

Packaging waste management at Pınar Et rests on reducing the amounts of waste at source and on reusing or recycling such elements as are recoverable. To facilitate the collecting and sorting of waste resulting from Pınar Et's production processes, three separate categories of bins have been installed. Posters put up in cafeterias in 2013 increased employee awareness of conservation issues by drawing attention to such matters as not wasting food, creating less garbage, and sorting trash. In order to reduce manufacturing activity environmental impact, all recyclable factory waste is collected and sorted at source and sold to licensed recycling firms for disposal or economic reuse as appropriate.

94%

Respondents to a logistical processes survey conducted in 2013 reported a 94% satisfaction level.

Waste of a hazardous nature produced by facilities is documented by means of National Waste Carriage Forms and then sent to licensed firms that are responsible for its proper recycling/disposal. Medical waste and discarded batteries are sorted at source and disposed of as required by laws and regulations.

In addition to using recyclable/recoverable and environment-friendly packaging wherever feasible in its products, Pınar Et also develops and carries out projects to use fewer packaging materials without sacrificing food quality or safety. The Company has been outperforming its plastic waste generation targets for four years in a row. Scheduled maintenance and replacement of machinery and equipment also results in less wasteful use of technology.

Pınar-ÇEVKO collaboration

Pınar Et has entered into an agreement with the ÇEVKO Foundation (Environmental Protection and Packaging Waste Recovery and Recycling Trust), an organization which is authorized and licensed by the Ministry of Environment and Urbanism to engage in waste management. Amounts of packaging waste corresponding to legally mandated percentages of the packaging of Pınar Et products that are supplied to market are collected and recovered/recycled by the foundation on the Company's behalf. Another benefit of this agreement is that Pınar Et products are entitled to carry the "Green Dot" on their packaging.

In 2013 Pınar Et continued to collaborate with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) in collecting, recovering, recycling, and, economically reusing packaging waste. Pınar Et also contributes towards ÇEVKO's efforts in such areas as education, public awareness, and supporting the environmental activities of municipalities.

Improvements in shipping management

Pınar Et's efforts to further develop and improve its sales and distribution processes throughout the country continued without letup in 2013. Such activities enhance the efficiency of and customers' satisfaction with the Company's logistical processes while also lending support to Green Logistics concepts.

Intercity highway transport operational efficiency has been improved by means of a new route optimization model that is rooted in the principle of economies of scale. In parallel with the goal of ensuring environmental sustainability, a logistical model was created that is based on the idea of carrying more goods for shorter distances.

Yaşar Foods Group companies together booked about 40,000 separate shipments throughout the country in 2013. During these shipments, 90% of non-perishables and 50% of perishables were carried aboard optimized-route lorries.

A monthly Dealer Logistical Services Satisfaction Survey is conducted both to determine the degree to which dealers are satisfied with the Company's logistical services and to improve service quality. The 91% satisfaction level achieved in 2012 was improved by three percentage points in 2013 to 94%.

The service quality and performance of firms to which the Company outsources its logistical services are also analyzed and reported on a monthly basis within the framework of the Lean Six Sigma philosophy.

Type of packaging	(%) recovered in 2011	(%) recovered in 2012	(%) recovered in 2013
Paper & cardboard	38	40	42
Plastic	38	40	42

Social responsibility

Pınar generates as much value for society as a whole through the direct and indirect employment opportunities that it creates, the investments that it undertakes, the goods and services that it purchases, and the taxes that it pays as it does through the products that it makes. In addition to all of this, the Company also regards its ongoing support for and contributions to art, education, sport, and culture as vital and indispensable in the fulfillment of its principle of giving back to society.

Pınar Art Competition

The Pınar Art Competition has been held for 32 years with the aims of increasing primary school children's interest in the fine arts in general and painting and drawing in particular, of giving children opportunities to express their creativity through pictures, and of educating the artists of the future. Every year the competition provides hundreds of thousands of children with an opportunity to express their dreams, their hopes, and their longings through art.

Focusing on a different theme every year since it was inaugurated in 1981, the Pınar Art Competition has also been serving as guide for future artists as well. A record-breaking number of youngsters took part in the 2013 competition, whose theme was "Let's Protect Our Environment And Take Charge Of Our Future".

From among 377,824 entries submitted from every part of Turkey, the Turkish Republic of Northern Cyprus, and Germany, the works of twenty-three children were selected by a jury of educators and professional artists. The winners of the 32nd Pınar Art Competition were rewarded with a chance to take part in a one-week art camp in İstanbul under the coordination of the well-known artist Devrim Erbil. At an award ceremony that was held on the last day of the art camp, the children also received certificates of attendance and netbooks as prizes while three of them–pupils from Ağrı, Diyarbakır, and Cyprus–were each awarded a scholarship as well.

According to a public-awareness poll conducted by GfK, the Pınar Children's Art Competition's public-awareness rating was 31% in 2012.

Source: GfK Flavored Dairy Products Tracking Survey

Pınar Children's Theater in its 26th year

In the course of twenty-five years, the Pınar Children's Theater has reached more than three million children, fostering among them a love of theater through performances, to which no admission is charged, with every play being carefully crafted to contribute towards its audiences' cultural and personal development. As a training ground for many famous performers, the Pınar Children's Theater even functions as a sort of school of the performing arts.

Since 1987, the Pınar Children's Theater has been employing a professional team of performers, directors, designers, and backstage crews to mount dozens of programs that are specially designed to appeal to children. For the 2012-2013 academic year, the theater mounted a new play, "Alaaddin'in Sihirli Lambası" ["Aladdin and the Magic Lamp"], whose professionally-created scenery, costumes, staging, and music provides a theatrical experience and a visual feast that its audiences will never forget. Last year the Pınar Children's Theater went on tour and mounted performances in İzmir, Mardin, Kızıltepe, Şanlıurfa, Gaziantep, and Eskişehir that were watched by thousands of kids.

According to a public-awareness poll conducted by GfK, the Pınar Children's Theater's public-awareness rating was 33% in 2013.

Source: GfK Flavored Dairy Products Tracking Survey

Pınar & UNICEF Hand-In-Hand

Under the "Pınar & UNICEF Hand-In-Hand With Art Into The Future" project, 3,000 of previous-years' Pınar Art Competition submissions were selected and reproduced in their original dimensions as decorations for table placemats. These placemats are being sold by UNICEF and the proceeds from the sales are added to that organization's revenues and used to fund projects that benefit children around the world.

Instead of sending out New Year's gifts in 2013, Pınar collaborated with UNICEF in making donations to Şanlıurfa regional primary schools that accept boarding pupils.

31%

The Pınar Art Competition had a public-awareness rating of 31% in 2013.

32. PINAR RESİM YARIŞMASI

33%

The Pınar Children's Theater had a public-awareness rating of 33% in 2013.

PINAR ÇOCUK TİYATROSU

support

Pınar demonstrates its support for sports through its sponsorship of the Pınar Karşıyaka Basketball Team (Pınar KSK).

Pınar Institute

In 2012 the Pınar Institute was founded in order to contribute to the development of a healthy society by engaging in research, supporting such research and education, publishing the results of such activities, and involving itself in similar endeavors. The institute is headquartered on the campus of Yaşar University.

The Pınar Institute's mission is to educate the public on issues related to food, health, and nourishment and to foster a quality-of-life awareness by supporting scientific projects, taking part in information networks, and taking part in educational activities.

To fulfill this mission, the Pınar Institute commenced activities with the inauguration of its Board of Directors and Scientific Committee on 13 June 2013.

The Pınar Institute was set up in order to contribute to the development of a healthy society by supporting scientific projects, taking part in information networks, and engaging in educational activities. Another of its objectives is to serve as a trusted reference on issues related to food and nutrition.

In keeping with such aims, the Pınar Institute's first project was "Let's Have Fun Exercising & Eating Healthy", a campaign undertaken to educate children on the subject of food, health, and nutrition. Under this project, children in the 6-12 age group on vacation at the Çeşme Altın Yunus Thermal and Resort Hotel during the summer months were provided with consciousness and awareness training on nutrition-related issues.

Seeking to contribute to information flows between agencies and organizations on the one hand and the public at large on the other through the projects in which it is involved, the Pınar Institute is participating in joint activities in collaboration with the National Food Technologies Platform.

Support for sport

Pınar KSK

Pınar demonstrates its support for sports through its sponsorship of the Pınar Karşıyaka Basketball Team (Pınar KSK). A team which has been contending in the Turkish Premier Basketball League since 1998, Pınar KSK devotes considerable time and energy to inculcating a love of sport among children by encouraging them to play basketball. Every year nearly a thousand youngsters are given free access to the facilities of the Çiğli Selçuk Yaşar Sports Center thanks to Pınar's support.

Pınar KSK also represents Turkey in international meets. During the 2012-2013 season the club hosted the EuroChallenge Cup in İzmir and was also one of the final four contenders.

In the 2013-2014 season, was the championship winner of the Spor Toto Türkiye Cup.

Pınar Et Professional Training Unit

In order to provide professional education in meat and meat product operations and management and to create a pool of trained people in a business line that lacked any other source of professional training, the Pınar Et Professional Training Unit was set up as part of Pınar Et in 1998. As the first undertaking of its kind in Turkey, the Pınar Et Professional Training Unit provides theoretical and practical training to young people in the 15-18 age group who have completed primary school education and who want to learn a trade and go to work, thus qualifying them to pursue a profession for which there is considerable unsatisfied demand in the country. Other training objectives include inculcating work ethics and discipline among young people and raising professional standards, production quality standards, and worker productivity throughout the country.

Publications

Yaşam Pınarım
Focusing especially on content that will be of particular use to parents and first appearing in 2004, Yaşam Pınarım is a magazine that seeks to establish and maintain bonds between the Company and its consumers and business partners as well as links with academic and governmental circles. The magazine is published quarterly and is distributed free of charge. In 2013 the magazine began being distributed to consumers as an e-bulletin sent out by email. As a result of this change in format, it is now reaching 115,000 people a month.

Pınar
Pınar is a newspaper that serves as an important source of information for meat and dairy farmers on issues related to animal health and nutrition, dairy technology, and the like. The journal is published quarterly for the 25,000 producers that supply Pınar Süt with milk, veterinaries, and the producers with which the Pınar Et procurements department works.

Üretici ve Tüketici Gözüyle Et
Pınar Et sponsored the second printing of Üretici ve Tüketici Gözüyle Et, a book by Professor Cemal Sarıcan that discusses aspects of the meat industry from both producers' and consumers' viewpoints.

Fairs & congresses
Since the day it was founded, Pınar has taken part in and supported numerous fairs and congresses dealing with matters of concern to the development of its sector such as quality, foods, R&D, and marketing. Coming into contact with many different marketing and consumer channels through the fairs that it takes part in at home and abroad, Pınar is a leading participant showing off more than 600 products at the most prestigious local, regional, and international trade fairs. Abiding by its sustainability principle of contributing to the development of its sector, Pınar seeks to make its products better known in international markets while also organizing and hosting distinguished events of its own that contribute to the foods industry in a variety of ways. By sponsoring activities related to cooking, gastronomy, and cuisine in Turkey, Pınar also creates opportunities to link up with sectoral leaders and scientists.

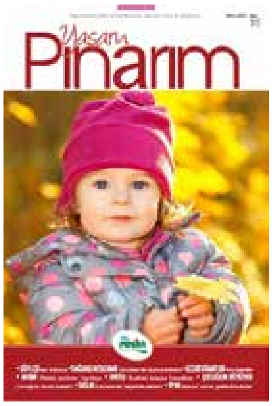
In 2013 Pınar Et:
- Exhibited its products at the Yaşar Group Food & Beverages Division's stand at the 82nd İzmir International Fair in 2013;
- Found opportunities to promote its goods to the away-from-home consumption market by attending the AFH EXPO Fair held at CNR Expo in İstanbul;
- Took part in GULFOOD 2013, the world's biggest and most prestigious annual food and hospitality show. This highly-attended event gave the Company many opportunities to effectively show off its products to potential international customers.

Sponsorships

Leading events supported and sponsored by Pınar Et in 2013:
- "Aegean Brands Summit", organized by Ege University (12 March)
- "14th Pediatrics Days", organized by the Dokuz Eylül University Hospital School of Nursing at the İzmir Sabancı Cultural Center (5-6 April)
- "10th Leadership Summit" (11 April)
- "TRT Kids' Country", organized by the TRT KIDS TV channel (15-23 April)
- "International Children's Theater Festival", organized by the Ankara State Theaters (24-30 April)
- "28th Grandkids' Athletics Meet", organized at the Atatürk Olympic Stadium by the Karşıyaka Rotary Club (2-3 May)
- "4th Food Safety Summit" (14-15 May)
- "1st Quality of Life Project and Idea Contest", organized by the İzmir branch of KalDer (30-31 May)
- "Foods R & D Project Market", organized by the Aegean Exporters' Association (3-4 June)
- "14th In Search Of Excellence Symposium", organized by the İzmir Quality Association (5-6 June)
- "49th Turkish Pediatrics Congress" (11-13 June)
- "World Food Day", organized by FAO Headquarters (10 October)
- "Engelsizmir", a project undertaken jointly by the Güzelyalı Rotary Club and İzmir Metropolitan Municipality for the benefit of the physically handicapped (30 October)
- "22nd Quality Congress" (12-13 November)
- "UIP-4 Bosphorus Summit" (20-22 November)
- "Marketing in the Age of the Customer Summit" (4-5 December)
- "Brands Conference" (19-20 December)

115,000

In 2013 Yaşam Pınarım magazine began being distributed to consumers as an e-bulletin sent out by email. As a result of this change in format, it is now reaching 115,000 people a month.



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Management

BOARD OF DIRECTORS

İdil Yiğitbaşı
Chairperson

İdil Yiğitbaşı received a bachelor's degree in business administration from Boğaziçi University in 1986 and a master's degree in the same subject from Indiana University in 1989. She started her career in finance at the Yaşar Group in 1986, and subsequently held senior management positions particularly in strategy and marketing in various Group companies involved mainly in the food industry. Having served as the Vice Chairperson of Yaşar Holding from 2003 until 2009, Ms. Yiğitbaşı has been appointed as the Chairperson of Yaşar Holding in April 2009, a position she still holds. İdil Yiğitbaşı has been holding seats on the boards of directors of Yaşar Group companies for the last ten years.

Yılmaz Gökoğlu
Vice Chairperson

Yılmaz Gökoğlu received a bachelor's degree in economics and public finance from Ankara University, Faculty of Political Sciences in 1977. He worked as a tax inspector for the Ministry of Finance from 1978 through 1982, and joined Yaşar Group in 1983 where he held various senior management positions mostly in the fields of financial affairs and audit. Elected as a member of the Yaşar Holding Board of Directors in April 2007, Mr. Gökoğlu also serves as General Secretary of the Boards of Directors at the Yaşar Group. Yılmaz Gökoğlu also holds seats on the board of directors of Yaşar Group companies.

Turhan Talu
Independent Director

Turhan Talu received his MBA degree from the Middle East Technical University in 1976. He began his career the same year in the marketing department of İzmir Turyağ A.Ş./Henkel KGA, and served in various positions in sales and marketing for 10 years, with three years spent in KGA head office in Düsseldorf, Germany. Having joined Philip Morris as Marketing and Sales Director in 1986, Mr. Talu is the founder of Turkey Sales and Distribution Operation, and became the first Turkish General Manager in 1992, including the production facilities in Torbalı, İzmir. He functioned as Vice President of Turkey and Middle East-Gulf Operations at the Company's head office in Switzerland for eight years. His last position with Philip Morris, where he worked for 24 years, was Philip Morris/Sabancı CEO responsible for Turkey, Iran and Northern Cyprus and board member. He became a member of the Board of Directors of Yaşar Holding in 2011.

Ali Yiğit Tavas
Independent Director

Ali Yiğit Tavas received his master's degree in agricultural engineering from Ege University, Faculty of Agriculture, Department of Agriculture Technology in 1979. The same year, he started his career as a Production Engineer at Pınar Süt, where he subsequently functioned as Technical Presentation Specialist and R&D Department Manager. He transferred to Pınar Et in 1984, where he served as Production Manager, R&D Manager, Assistant General Manager for Technical Affairs, General Manager, and Vice President of Food Division Production. After holding the position of Vice President of Yaşar Food Division Meat and Meat Products from 2001 through 2003, he retired from business life and left the Group. Mr. Tavas worked as Production Coordinator at Abalıoğlu Holding from 2004 to 2006.

Dr. Mehmet Aktaş
Director

Mehmet Aktaş received a bachelor's degree in economics from Ankara University, Faculty of Political Sciences in 1983, a master's degree in economics from Vanderbilt University in 1992 and a doctorate degree in finance from 9 Eylül University in 2003. After working in the public sector from 1984 to 1995, he joined the Yaşar Group in 1995, where he held various positions mainly in strategy, budget, and corporate finance. Mr. Aktaş was appointed as Chief Executive Officer of Yaşar Holding in July 2007 and has been serving as a member of the Yaşar Holding Board of Directors and as Chief Executive Officer since April 2009. He has been holding seats on the boards of directors of Yaşar Group companies.

Levent Rıza Dağhan
Director

Levent Rıza Dağhan received his bachelor's degree in public finance from Ankara University, Faculty of Political Sciences in 1986. The same year, he worked as an assistant manager and branch manager in Turkey operations of the UK-based International Leisure Group and as Manager for Turkey Operational Planning and Analysis at the London Head Office. He joined the Yaşar Group in 1991, where he worked as an auditor, audit coordinator and Vice President of Audit in the Audit Department. He was appointed as Vice President of Financial Affairs and Finance responsible for Coatings and Chemicals Division Companies (2001-2003), and held seats on the boards of directors of some companies under the Yaşar Group (1998-2003). From 2004 until 2009, Mr. Dağhan functioned as the CFO of Öger Group, and actively as a board member and Vice Chairman at Öger Group's companies, primarily Öger Holding and Atlasjet International Aviation. He has been serving as the President of Financial Affairs and Budget Control of the Yaşar Group since 2009. Mr. Dağhan holds seats on the boards of directors of Yaşar Group Companies.

Management

Ergun Akyol
Director

Ergun Akyol got his bachelor's degree in milk technology from Ankara University, Faculty of Agriculture and his master's degree in milk microbiology at the same university. In tandem with his master's studies, he took part in projects backed by TÜBİTAK (The Scientific and Technological Research Council of Turkey), and also worked as a production engineer at various milk plants in Ankara. He joined Pınar Süt in 1985 as Quality Assurance Specialist. At Pınar Süt, he held the positions of Production Section Head, Quality Assurance Manager, Business Unit Department Head, Assistant General Manager of İzmir Plant (1999-2001), Assistant General Manager for Technical Affairs responsible for all plants and planning coordination (January 2001-February 2001), and General Manager of Pınar Süt (February 2001-June 2012). Mr. Akyol has been serving as Pınar Süt Vice President since June 2012.

Members of the Board of Directors of our company, which is affiliated to the Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

SENIOR MANAGEMENT

Tunç Tuncer
General Manager

Tunç Tuncer got his bachelor's degree in agriculture technology from Ege University, Faculty of Agriculture in 1985. He started his business life in 1985 as a production manager at Pınar Et, where he subsequently worked as Production Supervisor, Assistant Production Manager, and Meat Products Production Manager. He functioned as Technical Director from 1999 until 2012. He has been serving as Pınar Et General Manager since June 2012.

Mustafa Şahin Dal
Financial Affairs and Budget Control Director

Mustafa Şahin Dal got his bachelor's degree in monetary economics and banking from Dokuz Eylül University, Faculty of Economics and Administrative Sciences in 1984. He began his career in the Financial Affairs Department at Yaşar Holding in 1987, where he held the positions of accounting supervisor, assistant manager, and budget, accounting and financial affairs department manager at the Food Division Companies from 1993. He has been functioning as the Financial Affairs and Budget Control Director of Food Division Companies since 2010.

Muzaffer Bekar
Finance Director

Muzaffer Bekar received his bachelor's degree in public administration from Marmara University, Faculty of Economics and Administrative Sciences in 1982. He began his professional life in the Finance Department of Dyo Boya in 1989 and subsequently worked as Finance Supervisor, Finance Manager and Finance Director of Coatings Division Companies. He has been working as the Finance Director of Food Division Companies since December 2008.

Hakan İshakoğlu
Plant Director

Hakan İshakoğlu received his bachelor's degree in food engineering from Ege University, Faculty of Engineering in 1992. He began his business life as Frozen Meat Products Production Engineer at Pınar Et in 1992, where he later worked as Frozen Meat Products Production Supervisor, and Meat Products Production Manager. He has been serving as Pınar Et Plant Director since June 2012.

Risk Management, Internal Control System and Internal Audit Activities

RISK MANAGEMENT

The scope of Enterprise Risk Management activities to be implemented at companies under the Yaşar Group organization and their operating procedures and principles are set out within the frame of a Regulation. In addition, the framework of risk management activities, risk management duties and responsibilities, processes, reports, confidence procedures and risk management terminology have been created.

The Company began implementing “Enterprise Risk Management” as a systematic process whereby risks are defined, analyzed, controlled and monitored. This method is capable of minimizing the costs incurred in relation to contingencies that result negatively, as well as their impact upon the Company’s asset values.

Risk Management Policy of the Company

The Company’s Board of Directors has adopted risk management strategies that will minimize the impact and probability of risks, which might affect the stakeholders in the Company and particularly the shareholders; accordingly, the Board of Directors makes sure that necessary actions are taken.

Activities of the Early Detection of Risk Committee

The Early Detection of Risk Committee performs activities for the purposes of early detection of risk and creation of an efficient risk management system.

The Committee oversees the conduct of enterprise risk management activities, which are aimed at the creation of the prioritized risk inventory within the frame of risk management policies and procedures, determination of appropriate risk strategies, taking of necessary actions and monitoring the outcomes. The Committee also provides the necessary guidance in these aspects.

Future Risks Regarding Sales, Productivity, Income Generation Capacity, Profitability, Debt/Equity Ratio and Similar Matters

Under the risk management policy and procedures adopted across the Group, work is underway to create the risk inventory for all of the Company’s activities and to take necessary actions.

Along the line,

- the Company’s risk exposure is classified under the headings of strategic, operational, financial, external and compliance risks, and analyzed according to their impact and probability,
- existing controls for material risks are reviewed with respect to their design and implementation, and optimum strategies and actions are identified,
- results of the action taken are followed up, and
- results and possible developments are reported to related units and assessed.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

A control is described as any implementation aimed at eliminating an event that will adversely affect the achievement of the Company’s goals, or at mitigating their impact and probability. The internal control system is composed of the definitions of standards for business processes, policies and procedures, job descriptions, and authorization structures. In this frame, the management has set up all control systems, including those that prevent/identify and improve, for efficient and productive conduct of the Company’s business.

The internal control systems established at the Company are intended to ensure the efficiency and effectiveness of operations, reliability of the financial reporting system, compliance with legal regulations, and they seek to provide assurance in these aspects. These control systems also protect the Company’s assets, reputation and profitability.

The oversight of the Company’s accounting system, public disclosure of financial information, independent audit and the operation and efficiency of the internal control system is basically fulfilled by the Audit Committee set up by the Company’s board of directors. When fulfilling this function, the Audit Committee makes use of the findings of the bodies performing certification under the Group Audit and Risk Management Coordinator, independent audit and certified accountancy.

Under the internal audit activities, the Company evaluates the effectiveness of the existing risk management system, and the adequacy, effectiveness and efficiency of the internal control system, and also makes proposals for their improvement. In addition, the processes of determining and implementing the necessary actions for relevant determinations and proposals are monitored closely.

Legal Disclosures

Information on the Extraordinary General Assembly Meeting during the Reporting Period, If Applicable

During 2013, an Extraordinary General Assembly meeting was convened on 25 March 2013. The decisions passed in the Annual General Assembly meeting held on 14 May 2013 have been enforced.

Affiliated Companies Report

The conclusion part of the report that is prepared by the Company's Board of Directors and that discloses our relations with the controlling company and affiliated companies pursuant to Article 199 of the Turkish Commercial Code is quoted below.

Pursuant to Article 199 of the Turkish Commercial Code no. 6102 that went into force on 01 July 2013, the Company's Board of Directors is obliged to issue a report on the Company's relations with the controlling company and the companies affiliated to the controlling company during the past operating year within the first three months of the current operating year, and to incorporate the conclusion part of the said report in its annual report.

Necessary disclosures on the transactions our company carried out with the associated parties are covered in the present report. In this report, the Company's Board of Directors concluded that in all transactions the Company carried out during 2013 with its controlling company or with its affiliates, an appropriate counter-performance was provided in each transaction according to the conditions and state known to us at the time the transaction and/or the action was realized/taken or avoided; that there were no actions taken or avoided which might potentially cause loss to the Company, and that there are no transactions or actions that would require equalization within this scope.

Donations and Grants

The Company may, from time to time, make donations and grants to foundations, associations, universities and similar institutions, which are founded with social motives, subject to the principles set out by the Capital Markets Board.

During 2013, the Company's donations and grants to various organizations and institutions amounted to TL 671,437.

Lawsuits Filed Against the Company with a Potential Impact on the Company's Financial Standing and Activities and Possible Results

The related disclosure is presented in note 26 to financial statements for the period 01 January 2013 - 31 December 2013.

Disclosure of Administrative or Judicial Sanctions Against the Company or the Members of the Governing Body on Account of Practices Violating the Provisions of Legislation

There are no administrative or judicial sanctions imposed against the Company or the members of the governing body on account of any practice violating the provisions of legislation.

Changes in the Articles of Incorporation during the Reporting Period

It has been approved to amend "Article 15 - General Assembly" of the Company's articles of incorporation by the T.R. Prime Ministry Capital Markets Board letter no. 2054 dated 04 March 2013, and T.R. Ministry of Customs and Trade General Directorate of Domestic Trade preliminary permission no. 1530 dated 06 March 2013; the same has been laid down for the approval of shareholders, and unanimously approved and ratified, at the extraordinary general assembly meeting held on 25 March 2013.

Based on the T.R. Prime Ministry Capital Markets Board preliminary permission no. 29833736-110.03.02-1436-4723 dated 03 May 2013 and the T.R. Ministry of Customs and Trade General Directorate of Domestic Trade permission no. 67300147/431.02.16989-561606-5026-3667 dated 07 May 2013, it has been agreed by majority of votes at the Annual General Assembly meeting convened on 14 May 2013 to amend "Article 2 -Company Name", "Article 3 - Purpose and Occupation Field of the Company", "Article 4 - Head Office and Branches of the Company", "Article 5 - Duration", "Article 6 - Registered Capital", "Article 7 - The Board of Directors", "Article 8 - Term of the Board of Directors", "Article 9 -Meetings of the Board of Directors", "Article 10 - Management and Representation of the Company", "Article 11 - Duties of the Members of the Board of Directors", "Article 13 - Auditors", "Article 16 -Place of Meeting", "Article 17 - Presence of the Ministry Representative in Meetings", "Article 18 - Meeting Quorum", "Article 19 - Votes", "Article 20 -Assignment of a Representative", "Article 21 - Announcements", "Article 22 - Voting Manner", "Article 24 - Annual Reports", "Article 25 - Annual Accounts", "Article 26 - Distribution of Profit", "Article 27 - Dividend Distribution Timing", "Article 30 - Legal Provisions", "Article 31 - Jurisdiction", "Article 33 - Issuance of Bonds, Profit-Sharing Bonds and Commercial Papers", and to annul "Article 14 - Responsibilities of Auditors", "Article 23 - Modification of the Articles of Incorporation", "Article 29 - Printing the Articles of Incorporation", "Article 32 - Undersigning the Articles of Incorporation" and "Provisional Article 2" of the Company's articles of incorporation.

Financial Rights Provided to the Members of the Board of Directors and Senior Executives

Financial rights provided to the chairperson, members of the Board of Directors and Senior Executives are determined within the frame of the Remuneration Policy posted on our website. Financial rights provided to the chairperson, members of the Board of Directors and Senior Executives in the twelve months that ended on 31 December 2013 are determined within the frame of the Remuneration Policy posted on our website. In the twelve months that ended on 31 December 2013, remunerations and similar payments made to the members of the Board of Directors and senior executives amounted to TL 2,317,659.

Disclosures Concerning Special Audit and Public Audit Conducted During the Fiscal Year

During 2013, regular audits have been performed by various public agencies, after which no material notices have been served on our party.

The Company's Shareholders' Equity

The shareholders' equity worth TL 333,024,137 as at 31 December 2013 indicates that the issued capital of TL 43,335,000 has been very well maintained.

Agenda

1. Opening and electing the Presiding Committee,
2. Authorizing the Presiding Committee to sign the minutes of the General Assembly Meeting minutes,
3. Reading, deliberating and approving the Annual Report 2013 by the Company's Board of Directors,
4. Reading and deliberating the Independent Auditor's Report for 2013 fiscal year,
5. Reading, deliberating and approving the financial statements for 2013 fiscal year,
6. Acquitting the Company's directors of their fiduciary responsibilities for 2013 operations,
7. Laying down the Independent Audit Firm designated by the Board of Directors for the approval of the General Assembly pursuant to the Turkish Commercial Code and the Capital Markets Board requirements,
8. Determining the number of Board directors and their terms of office; making elections in accordance with the number of Board directors so determined; designating independent Board members,
9. Determining the rights provided to the Board directors such as compensation and attendance fees, bonuses and premiums pursuant to Article 408 of the Turkish Commercial Code,
10. Informing shareholders, pursuant to Article 12 of the Corporate Governance Communiqué no. II-17.1 issued by the Capital Markets Board, about guarantees, pledges, mortgages and sureties that have been granted by the Company in favor of third parties and about any income and benefits that may have been derived,
11. Informing shareholders about any donations that were made during the year and laying down the donation limit set under the Capital Market legislation for the approval of the General Assembly,
12. Submitting information to the General Assembly regarding transactions with the related parties during 2013 under the Capital Markets Board regulations,
13. Laying down the Company's Dividend Policy for the approval of the General Assembly,
14. Deliberating and voting on matters pertaining to the year's profits,
15. Authorizing the Company directors to engage in the transactions as per Articles 395 and 396 of the Turkish Commercial Code,
16. Wishes and comments.

Profit Distribution Proposal

At a meeting of the Board of Directors held on 03 March 2014, the Company's directors voted to submit the following Profit Distribution Proposal for approval at the Annual General Assembly meeting:

The Company's net distributable profit for 2013 is calculated as TL 38,255,409. This amount is arrived at as follows:

TL 38,255,409 is shown as net profit for 2013 in the Company's independently audited financial statements, which have been prepared taking into account the requirements of the Turkish Commercial Code, capital markets legislation, Corporate Income Tax Law, Income Tax Law, and other applicable legislation as well as of the provisions of the Company's articles of incorporation pertaining to the distribution of profits, and in accordance with International Financial Reporting Standards. Inasmuch as the legally mandated threshold has been reached, no General Legal Reserves were set aside.

We submit for your consideration and approval the following proposal concerning the allocation of the TL 38,255,409 in distributable profit as calculated above:

- TL 7,785,369 will be distributed among shareholders as a first dividend. This corresponds to 20% of distributable profit when the TL 671,437 that was paid out as charitable donations during the year in line with the CMB rules is taken into account.
- Of the remainder, the amount of TL 27.626,063 will be distributed among shareholders as a second dividend. The net combined total of first and second dividends amounts to TL 24,715,881. This corresponds to 63.75% of our issued capital, which amounts to TL 43,335,000.
- Of the remainder, TL 3,033,450 will be set aside as a General Legal Reserve.
- Of the final amount remaining, all will be set aside as an Extraordinary Reserve.

The profit distribution table is presented on page 43 of this Annual Report.

If this proposal is approved, the Company will be paying out a net cash dividend amounting to TL 0.6375 on each share of its stock with a par value of TL 1.00.

Please be advised.

Profit Distribution Table

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

2013 PROFIT DISTRIBUTION TABLE (TL)

1.	Paid-in/Issued Capital		43.335.000
2.	General Legal Reserves (According to Legal Records)		24.959.630
Information on privileges for distribution of profits, if any, according to the Articles of Incorporation			
		According to CMB	**According to Legal Records (LR)**
3.	Profit for the Period	45,566,089	44,425,743
4.	Taxes (-)	(7,310,680)	(8,549,858)
5.	Net Profit for the Period (=)	38,255,409	35,875,885
6.	Losses in Prior Years (-)	-	-
7.	General Legal Reserves (-)	-	-
8.	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)**	**38,255,409**	**35,875,885**
9.	Donations during the Year (+)	671,437	
10.	**Net Distributable Profit for the Period Including Donations**	**38,926,846**	
11.	First Dividend to Shareholders	7,785,369	
	- Cash	7,785,369	
	- Bonus Shares		
	- Total	7,785,369	
12.	Dividends Distributed to Owners of Privileged Shares	-	
13.	Other Dividends Distributed	-	
14.	Dividends Distributed to Owners of Redeemed Shares	-	
15.	Second Dividend to Shareholders	24,715,881	
16.	General Legal Reserves	3,033,450	
17.	Statutory Reserves	-	
18.	Special Reserves		
19.	**EXTRAORDINARY RESERVES**	**2,720,709**	**341,185**
20.	Other Resources to be Distributed		
	- Previous Year Profit		
	- Extraordinary Reserves		
	- Other Distributable Reserves as per the Law and Articles of Incorporation		

RATIO OF DIVIDENDS TABLE

		TOTAL DIVIDENDS DISTRIBUTED (TL)		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDENDS PER SHARE WITH A PAR VALUE OF TL 1 TL EACH	
	CLASS	**CASH (TL)**	**BONUS (TL)**	**RATIO (%)**	**AMOUNT (TL)**	**RATIO (%)**
NET	No share classes enjoy privileges for profit distribution	27,626,063		72.21	0.6375	63.75%
	TOTAL	**27,626,063**		**72.21**	**0.6375**	**63.75%**

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles:

During the operating period ended 31 December 2013, PINAR ENTEGRE ET VE UN SANAYİİ A.Ş. ("the Company") achieved compliance with the entirety of the mandatory articles of the Corporate Governance Principles appended to the "Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles" issued by the Capital Markets Board of Turkey (CMB). While it is intended to achieve full compliance also with the optional Corporate Governance Principles, that is yet to be attained for a number of reasons including the difficulties faced in practice in some of the principles, and only partial correspondence of some principles with the existing structure of the market and the Company. While work is ongoing on principles that are not enforced yet, they are planned to be put into implementation following the completion of administrative, legal and technical infrastructural work that will contribute to the effective management of our company.

Justifications related to matters not yet implemented are presented under the following headings, and it is considered that the said matters do not lead to any conflicts of interest under the current circumstances.

During 2013, various improvements were carried out in relation to Corporate Governance. In keeping with the requirement introduced by the New Turkish Commercial Code, the Early Detection of Risk Committee that operated under the Corporate Governance Committee was organized as a separate committee. The head and the member of the Committee were elected from among independent Board directors. In addition, an upper limit was set for donations to be made during 2013 at the 2012 Annual General Assembly meeting. Furthermore, the Company's website and annual report have been reviewed and revised as necessary to achieve full compliance with the Turkish Commercial Code no 6102, other applicable legislation and the Corporate Governance Principles.

Our company will continue to monitor the changes in legislation and implementations regarding compliance with the principles and to carry out the necessary work also in the future.

PART I: SHAREHOLDERS

2) Investor Relations Department:

The duties (1) of managing the exercise of shareholders' rights and maintaining communication between shareholders and the Board of Directors and (2) of conducting procedures pertaining thereto in compliance with CMB corporate governance principles are fulfilled by the Office of the Capital Markets Coordinator.

Information about the Shareholder Relations Unit is provided below.

Capital Markets Coordinator: Senem Demirkan
Investor Relations Specialist: Gökhan Kavur
Tel : +90 232 482 2200
Fax : +90 232 489 1562
Email : investorrelations@pinaret.com.tr

Capital Markets Coordinator Senem Demirkan is in possession of all certifications issued by CMB and is also responsible for coordinating matters involved (1) in the fulfillment of company obligations arising from capital markets laws and regulations and (2) in corporate governance practices. Investor Relations Specialist Gökhan Kavur holds a Capital Market Activities Advanced Level and Corporate Governance Rating Licenses.

The duties of the Investor Relations Department are listed below:

- Ensure that records pertaining to shareholders are maintained in a reliable, secure, and up-to-date manner.
- Respond to shareholders' written requests for all information about the Company except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret.
- Ensure that General Assembly meetings are conducted in accordance with the requirements of current laws and regulations and of the Company's articles of incorporation and other bylaws.
- Communicate with other units of the Company and ensure that documents which shareholders may find useful at General Assembly meetings are prepared.
- Ensure that records are kept of the results of voting at General Assembly meetings.
- Supervise all issues related to public disclosures as required by law and the Company's public disclosure policy.
- Ensure that investor relations activities are properly conducted.

Having obtained the views of other units when necessary and in coordination with such units, the Shareholder Relations Department is responsible for providing shareholders and potential investors with information about the Company's activities, financial standing, and strategies, with the stipulations that it may not divulge any information which is confidential and/or in the nature of a trade secret and that it must not do so in any way that might lead to information asymmetry and for managing communication moving on both directions between shareholders and company managers.

During the reporting period, the Unit held one-on-one contacts with nearly 25 investors, and responded to more than 400 queries by phone or e-mail. In addition, two webcast meetings have been organized, which were open to participation of all analysts and addressed the Company's activities and financial results in the 12-month period of 2012 and the 6-month period of 2013. "Investor Presentations" drawn up in Turkish and English languages concerning the Company's periodic operating results were published on the Company's website. The website and investor presentations have been updated regularly to make sure that up-to-date information is made available to the investors at all times. Maximum attention is paid to achieving compliance with the legislation in fulfilling investor requests

3. Shareholders' exercise of their right to obtain information:

The fundamental principle in shareholders exercising their right to obtain information is that there should be no discrimination among shareholders. All information and documents that shareholders may need to exercise their shareholders' rights in a sound manner are made equally available to all shareholders on the Company's corporate website. During 2013, utmost care was paid, under the supervision of the Investor Relations Department, to respond to requests for information received from shareholders within the framework of the requirements of capital market laws and regulations and without delay.

Such requests for information are generally about such issues as General Assembly meeting dates, information on financial statements that are disclosed, developments in the sector and profit distribution. All requests for information, except in the case of information that was in the nature of a trade secret and information that it was deemed to be in the Company's interest to keep confidential, were responded to without making any distinctions among shareholders and in line with any statements that may previously have been made within the framework of capital market laws and regulations. Information and disclosures that might affect the exercise of shareholders' rights are announced in the "Investor Relations" section on the Company website, and there have been no information or disclosures during the reporting period, other than those disclosed under the Capital Market legislation. While the request to have a special auditor appointed is not an individual right provided for under the Company's articles of incorporation, no such request was received during 2013.

4. General Assembly Meetings:

The 2012 annual General Assembly meeting took place on 14 May 2013. Pursuant to article 18 ("Meeting quorums") of the Company's articles of incorporation, the quorum requirements at ordinary and extraordinary General Assembly meetings are subject to the provisions of the Capital Market Law and of the Turkish Commercial Code. At the 2012 annual General Assembly meeting, 72.44% of the Company's capital was represented. During the meeting, no shareholders electronically or physically attending the meeting or their proxies advanced any motions, and all questions that were raised were responded to by the Presiding Committee. Shareholders did not propose any agenda items during the said General Assembly meeting, either.

No stakeholders other than the shareholders or media representatives attended the meeting. Invitations to the meetings were made by the Board of Directors. In addition to shareholders, representatives of the independent auditors were also sent written invitations to attend the meetings.

The Company's General Assembly meeting announcements were promulgated in the Turkish Trade Registry Gazette at least three weeks in advance of the meeting, excluding the dates of announcement and of the meeting, in accordance with "Article 21 - Announcements" of the Company's articles of incorporation, and pursuant to the relevant provisions of the Turkish Commercial Code and Article 29/1 of the Capital Market Law. The announcement was also published on the corporate website and in a local newspaper. Shareholders whose addresses were on record with the Company were sent letters in which they were informed about the meeting date, location, and agenda. Prior to the General Assembly meeting, the meeting date, place and agenda, and the profit distribution proposal to be submitted by the Board of Directors to the General Assembly were publicly disclosed in material disclosures.

The Company's annual report is made available to shareholders at the Company's headquarters and on its corporate website as of twenty-one days before a meeting date. During General Assembly meetings, issues on the agenda are explained impartially and in detail so as to be clear and intelligible. Shareholders are given equal opportunities to express their thoughts and to ask questions and a healthy climate of debate is created.

Minutes of General Assembly meetings are kept available for shareholders at all times at the Company headquarters. In addition, the minutes of the Company's General Assembly meetings for the past eight years are also accessible in the Investor Relations section of the Company website at www.pinar.com.tr.

At the Company's General Assembly meetings, information is presented to the shareholders on the amount and recipients of the donations and grants made during the reporting period, and the changes in the relevant policy. This matter is addressed as a separate agenda item. An upper limit was set for the donations to be made during 2013 at the meeting.

Moreover, an extraordinary General Assembly meeting was convened on 25 March 2013. At the extraordinary General Assembly meeting, 72.90% of the Company's capital was represented. During the meeting, no shareholders electronically or physically attending the meeting or their proxies advanced any motions, and all questions that were raised were responded to during the General Assembly meeting by the Presiding Committee. During the meeting, shareholders did not propose any additional agenda items, either.

5. Voting Rights and Minority Rights:

Article 7 of the Company's articles of incorporation provides for special rights with respect to designating candidates for seats on the Board of Directors as follows:

"The business and management of the Company are carried out by a Board of Directors, which is constituted of 5, 7 or 9 members to be elected from among shareholders by the General Assembly under the provisions of the Turkish Commercial Code and the rules of the Capital Markets Board. Should the Board of Directors be constituted of five members, three of them shall be elected from among the nominees indicated by the Group A shareholders, and the remaining members shall be elected from among the nominees indicated by Group B shareholders. In case the Board consists of seven members or nine members, then four and five of them, respectively, shall be elected from among the nominees indicated by Group A shareholders, while the remaining members shall be elected from among the nominees indicated by Group B shareholders.

The Board of Directors may, upon its sole discretion, elect managing director(s). However, the Chairperson of the Board of Directors and the managing director(s) shall be elected from among members representing Group A.

Article 19 of the Company's articles of incorporation provides for the following privilege with respect to voting rights: "At ordinary and extraordinary General Assembly meetings, each Group A share shall entitle its owner to three votes. The mandatory provisions of the Turkish Commercial Code and of other applicable legislation are reserved. Each Group B share shall entitle its owner to one vote."

Corporate Governance Principles Compliance Report

The Company's articles of incorporation contain no provisions preventing non-shareholders to vote by proxy as an appointed representative. Article 22 of the Company's articles of incorporation, which governs the exercise of voting rights, reads as follows: "Save for the votes to be cast in the Electronic General Meeting System, voting is conducted through open ballot and by raising hands during a General Assembly meeting. However upon demand by those possessing one-tenth of the capital which shareholders present at a meeting represent, recourse must be had to secret ballot. CMB rules pertaining to proxy voting are reserved."

There are no other companies in which the Company has a cross ownership. Minority rights are not represented on the Board of Directors.

6. Entitlement to Dividends:

Shareholders of preferred stock do not have any privileges applicable to dividends. The Company's general policy with respect to dividends is to distribute its net profit having taken into account the Company's financial position, investments that are to be made and other funding requirements, the sector's current circumstances, the economic environment, and the requirements of capital market and tax laws and regulations. However the actual amounts of profit to be distributed are determined every year taking all of the issues cited above into consideration. The Company has formulated a Dividend Policy in line with the Capital Markets legislation and it has publicly disclosed this policy by announcing it at a General Assembly meeting. Our dividend distribution policy is publicly disclosed also via our website. The dividend distribution policy has also been incorporated in the Company's annual report.

Distribution of the Company's profit for 2012 has been completed on 27 May 2013.

7. Transfer of shares

Transfer of shares is subject to the relevant provision of the TCC.

PART II: PUBLIC DISCLOSURES AND TRANSPARENCY

8) Company disclosure policy:

In all matters pertaining to its public disclosures, the Company complies with the requirements of the Capital Markets legislation and of Borsa İstanbul regulations.

The "Disclosure Policy" prepared for the purpose of keeping the public informed, which is approved by the Board of Directors and which was presented for the information of shareholders at the 2008 annual General Assembly meeting, is publicly disclosed on the Company's corporate website (www.pinar.com.tr). The Disclosure Policy was updated and presented for the information of shareholders at the 2011 General Assembly meeting. The Board of Directors has both the authority and the responsibility for formulating, supervising, reviewing, developing and executing the Company's disclosure policy. The Corporate Governance Committee and the Investor Relations Department provide information and make recommendations to the Board of Directors concerning the Company's disclosure policy.

The chairperson of the Board of Directors and the general manager as well as other officers whom the board or the general manager deem to be appropriate may make public statements to the written and visual media and to data distributors. Questions which those involved in capital markets ask the Company are responded to in writing or verbally by the Investor Relations Department.

Principles governing the disclosure of forward-looking information are defined in the Company's disclosure policy. In this framework, the Company is required to disclose its targets for the relevant year in the financial presentations where the Company's annual and interim financial results are evaluated. In case of any changes in the underlying assumptions, the targets in these presentations are also revised and the presentations incorporating these alterations are publicly disclosed via a material event disclosure.

9. The Company's Corporate Website and its Content:

The Company's corporate website (www.pinar.com.tr) contains all the matters as required by Corporate Governance Principles. The Company's website is available in both Turkish and English. The Company continuously improves and upgrades the services provided by its website, which is actively used.

10. Annual Report:

The Company's annual reports contain all the information specified in the Corporate Governance Principles; however, remuneration of the board of directors and senior executives and other benefits provided to them are disclosed not on an individual basis, but as a cumulative amount.

PART III: STAKEHOLDERS

11. Disclosure to Stakeholders:

Stakeholders are kept informed about all matters concerning the Company other than those which are in the nature of a trade secret through CMB material disclosures within the framework of CMB regulations, Turkish Commercial Code, Competition Law, tax laws, and Turkish Code of Obligations.

Stakeholders are able to convey any transaction they consider to be illegitimate or unethical to the Corporate Governance Committee or the Audit Committee via Yaşar Group Ethics Committee. The Audit Committee reviews the complains received regarding the Company's accounting and internal control system and independent audit, and handles the notifications of company employees in relation to the Company's accounting and independent audit, observing the confidentiality principle.

Furthermore, the communication mechanism is established with the Corporate Governance Committee and the Audit Committee also via the processes that provide stakeholder participation in management as discussed under Article 12 hereinbelow.

12. Stakeholder Participation in Management:

Employee participation in management is provided through systematic meetings and suggestion systems, which are founded on the process-oriented management system and Total Quality philosophy, which aim at improvement and increased efficiency, and which give consideration to the demands and opinions of employees. Our customers are involved in the management through dealer meetings, customer satisfaction system and employee opinion surveys. The feedback from stakeholders are sought in this framework concerning material decisions that bear consequences for them.

Customer demands and complaints can be communicated via our toll-free customer line which can be reached from any part of Turkey without dialing a city code, upon which the demands and complaints received are handled and resolved. To ensure customer satisfaction, various research studies and surveys are continually conducted by our Company and by independent firms. Efforts are taken on to improve the product and service quality based on the research outcomes and customer demands.

Business volumes of our suppliers also expand in keeping with our own volumes which grow on the basis of cooperations with suppliers, and regular audits result in co-development of new materials that conform to food safety requirements and to the quality management systems that the food industry needs, while suppliers find opportunities to enter into new lines of business. By establishing an uninterrupted information network with our suppliers, the potential developments and innovations in the industry are followed-up, quality and innovation circles are organized, collaborations are carried out and efforts are spent to introduce these innovations as a matter of priority.

Dealer meetings organized by the Company serve as a tool to convey the opinions and feedback of dealers that have a direct business relationship with the Company to the senior management.

Employee opinion surveys serve to gather the employees' views about changes in implementations which will be made in relation to working conditions, working environment, and rights provided to employees. The action committee formed of employee representatives carries out its activities during the year for conducting the improvement works in relation to the said processes.

13. Human Resources Policy:

The fundamental mission of the Company's human resources policy is to ensure the management of human resources who are innovative, who are committed to the principle of total quality, and who contribute towards the Company's competitive advantage by easily adapting to change and development at the Company.

The Company did not receive any complaints about discrimination as at 2013. The Company's basic human resources policies are set forth clearly in the Company's Personnel Regulations, which are issued to all non-contract employees against their individual signature. In addition to basic policies, these regulations also contain information about working hours, hiring principles and processes, termination, and discipline. Human resources policies and practices pertaining to employees who are covered by collective bargaining agreements are spelled out in such agreements. Job descriptions are devised for all of the Company employees. Performance and rewarding criteria for the white-collar employees are disclosed in the White Collar Employee Regulation, while the rewarding criteria for our blue-collar workers are described in the Collective Bargaining Agreement.

Basic human resources policies

a) Staffing at the Company is determined according to the criteria of business economics. All employees agree that honorable employment is only possible through productive work.

b) The Company conducts intramural and extramural training programs within the framework of plans that are devised for each level in order to ensure the progression of its employees.

c) The Company is mindful of equality of opportunity in all promotions and appointments throughout its organization. As a matter of principle, appointments are made from among the Company's own personnel.

d) By means of a career planning system in which progression plans are implemented, employees who have potential are provided with the broadest possible opportunities for advancement.

e) Employees' performance is evaluated on the basis of their fulfillment of targets and their competencies.

f) Job descriptions and performance standards are documented for positions at every level from the highest to the lowest and these serve as the basis for employee evaluations.

g) Employee opinion surveys are conducted regularly every year, at which time employees are asked for their views about such issues as working conditions, management, social activities, compensation, training, performance evaluation, career planning, participatory management, and company satisfaction. Improvements are made in line with the feedback that is received in this way.

h) A safe workplace and safe working conditions are a matter to which the Company gives great importance. Under the Company's occupational health and safety regulations, all legally mandated measures are taken to prevent occupational risks, ensure health and safety, and eliminate risk and accident factors. An ongoing effort to make improvements is carried out through regularly conducted safety meetings.

i) Our management style is ".... [to] maintain our existence as a company that acts fully respectful of the laws and ethical rules, and embrace total quality philosophy and participatory management".

j) An essential principle at the Company is that all employees will be treated equally and without making any discrimination among them with respect to language, race, color, sex, political beliefs or philosophy, creed, religion, sect, or similar reasons. Due measures have been taken to protect this fundamental constitutional right of employees.

There are two shop stewards at Pınar Et company, namely Vefa Acar, who is also the Production Shift Supervisor, and Hamdi Bulut.

The duties of these representatives are to:

a) Hear workers' wishes and resolve their complaints exclusively with respect to matters at the workplace;

b) Ensure continued labor peace through worker-employer cooperation and labor fairness;

c) Be mindful of workers' rights and interests; assist in the implementation of the working conditions which are provided for in labor laws and in collective bargaining agreements.

All employees are kept informed about company procedures, organizational changes, changes in rights and benefits, and other practices and decisions that may affect them by means of regulations and announcements prepared within the framework of the Company's prescribed announcement regulations as well as via the Company intranet and bulletin boards.

Neither the Company management nor its human resources department has ever received any complaint from employees about discrimination.

Corporate Governance Principles Compliance Report

14. Rules of Ethics and Social Responsibility:

Pınar Et seeks to comply with current environmental laws applicable to its business activities and with local regulations concerning environmental matters to which it is subject, to make productive use of natural resources, to control and reduce waste that causes environmental harm or else render it harmless, and to take other measures necessary to prevent pollution.

Our company has set up its own in-house apprentice training center whose objectives are firstly to provide a systematic program of theoretical and practical professional training for young people in the 15-18 age group who have completed their basic education, who must go to work, and who are interested in learning a profession and secondly to transform them into the skilled workers that our country is in need of. Such training has the additional objectives of teaching work discipline, establishing national-level professional standards, improving production quality standards, and increasing productivity.

The Company seeks to make contributions that are beneficial to employees and to the community in the areas of culture, art, sport, and education through its newspaper Pınar, and its magazine Yaşam Pınarım. The Company supports education by collaborating with organizations such as Yaşar University and Yaşar Education Foundation.

The Company conducts its activities within the framework of values which are adhered to by the Yaşar Group companies and whose approach to the production of goods and services involves compliance with laws and the rules of ethics, concerns itself with national problems without becoming involved in politics, and values the environment and nature. These values are known to all company employees. In addition, within the framework of its corporate governance approach, work is underway for the formulation of the Company's own rules of ethics. The Company's rules of ethics are publicly disclosed via the corporate website.

PART IV: BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors:

Members of the Company's Board of Directors are identified below:

Name	Position	Independent Director or Not	Executive Director or Not	Term of Office
İdil Yiğitbaşı	Chairperson	Non-independent Board Director	Non-executive	1 year
Yılmaz Gökoğlu	Deputy Chairperson	Non-independent Board Director	Non-executive	1 year
Turhan Talu	Director	Independent Board Director	Non-executive	1 year
Ali Yiğit Tavas	Director	Independent Board Director	Non-executive	1 year
Mehmet Aktaş	Director	Non-independent Board Director	Non-executive	1 year
Levent Rıza Dağhan	Director	Non-independent Board Director	Non-executive	1 year
Ergun Akyol	Director	Non-independent Board Director	Non-executive	1 year

Tunç Tuncer serves as the Company's General Manager. The engagement of company directors in the activities set forth in Articles 395 and 396 of the Turkish Commercial Code is subject to the approval of the General Assembly of shareholders. With the exception of those activities, there are no other limitations imposed on what Board directors may do. Members of the Board of Directors of our company, which is affiliated to the Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

Résumés of the Board directors are published in the Company's annual report and corporate website. In accordance with the Capital Market legislation, independent Board directors have submitted their declarations of independence to the Corporate Governance Committee that acts as the Nomination Committee.

Two independent director candidates were presented for 2013 to the Corporate Governance Committee that acts as the Nomination Committee. The declarations of independence and résumés of these individuals have been discussed in the Corporate Governance Committee and the Board of Directors meetings of 22 April 2013, and it has been decided to nominate all of them as independent directors. No situations arose that prejudiced independence as at 2013 operating period.

16. Operating Principles of the Board of Directors:

The operating principles of the Board of Directors are spelled out as follows in Article 9 of the Company's articles of incorporation:

"The Board of Directors shall convene as the Company's affairs and operations may require. However, the Board must meet at least monthly."

Board of Directors meetings are convened with a majority of its full membership and decisions are passed with a majority of those present in the meeting.

Details about the Board of Directors' operating principles and its activities during the 2013 reporting period are given below.

The agenda for the Board of Directors meetings are set by the Chairperson of the Board, in consultation with the other Board directors and the General Manager.

During the reporting period, the Board of Directors convened forty-two times. The Board of Directors shall convene upon a summons in the form of a written request made by its chairperson or by any director. The meeting agenda is sent out to the directors by registered airmail at least two weeks in advance of the meeting date. All directors are usually present at meetings. There were no unresolved disputes over issues during the 2013 reporting period. The questions raised during the meetings are not entered into record. No board directors have preferential voting or veto rights. There have been no related party transactions or material transactions that have been submitted for the approval of independent Board directors during the operating period.

17. Number, Structure and Independence of the Committees Established by the Board of Directors:

The Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee have been set up at the Company. The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. When performing their activities, the committees under the Board of Directors adhere to the operating principles that are posted also on the Company website.

The Audit Committee and the Corporate Governance Committee have been set up at the Company. The Corporate Governance Committee fulfills the duties of the Nomination Committee, Early Detection of Risk Committee and the Remuneration Committee. When performing their activities, the committees under the Board of Directors adhere to the operating principles that are posted also on the Company website.

The Audit Committee is headed by Turhan Talu and its other member is Ali Yiğit Tavas. Both members are non-executive and independent Board directors. The Audit Committee meets at least on a quarterly basis and holds at least four meetings in one year. Within the scope of the Committee's activities, information has been obtained on operations and internal control systems from company executives and findings related to the audit from independent auditors. The Audit Committee is responsible for the Company's bookkeeping system, for the public disclosure of financial information, and for supervising the operation and effectiveness of independent auditing and of the internal control system; for selecting the independent auditors, initiating the independent auditing process, and supervising the independent auditors' activities; for reporting to the Board of Directors about the authenticity and veracity of publicly disclosed yearly and intermediary financial statements.

The Corporate Governance Committee is headed by Turhan Talu, who is a non-executive and independent Board director, and its other member is Yılmaz Gökoğlu, a non-executive Board director. The Corporate Governance Committee meets at least on a quarterly basis and holds at least four meetings in one year. The Corporate Governance Committee is responsible for identifying whether or not corporate governance principles are being complied with at the Company as well as for identifying any problems arising from less than full compliance with those principles; for making recommendations to the Board of Directors on taking measures to achieve improvements; and for coordinating activities pertaining to relations with shareholders

Within the scope of the duties of the Nomination Committee, the Corporate Governance Committee works to create a transparent system to deal with the matters of identifying, evaluating, training, and rewarding candidates suitable for board membership and to establish policies and strategies applicable to that system. In addition, the Committee evaluates the nominations for independent Board membership including the management and shareholders, taking into consideration whether the candidate bears the independence criteria or not, and reports its relevant assessment to the Board of Directors for approval.

Within the scope of the duties of the Remuneration Committee, the Corporate Governance Committee formulates its proposals regarding the principles for compensating the Board directors and senior executives, in view of the long-term goals of the Company.

The Early Detection of Risk Committee performs activities to early detect the risks that may endanger the existence, development and continuity of the Company, to implement the necessary measures for the risks identified, and to manage the risk. The Committee is headed by Ali Yiğit Tavas, who is a non-executive and independent Board director, and its other member is Turhan Talu, a non-executive and independent Board director.

According to the Corporate Governance Principles, both members of the Audit Committee and the heads of the Early Detection of Risk and Corporate Governance Committees must be independent Board directors. Since there are two independent members on the Company's Board of Directors, the same member serves on more than one committee under the Board of Directors.

18. Risk Management and Internal Control Mechanism:

The Board of Directors essentially supervises risk management and internal control activities through the Early Detection of Risk Committee. In its fulfillment of these functions, the Early Detection of Risk Committee makes use of the findings of the bodies performing certification under the Group Audit and Risk Management Coordinator, independent audit and certified accountancy.

19. Strategic Goals of the Company:

The Board of Directors sets the Corporate Strategy and Goals in line with the Company's vision and growth and profitability expectations. The principles that will steer these strategies are determined by the senior management and the extent at which the goals are achieved are assessed in the monthly meetings, along with the activities and past performance.

20. Financial Rights:

The rights provided to the Board directors are decided at the General Assembly meetings and are publicly disclosed through the minutes of the meetings issued. The Remuneration Policy that describes the remuneration system and implementations for the Company's Board directors and senior executives is available on the Company website. The Company's annual reports do not present the rights provided to senior executives on an individual basis, but state a cumulative amount. The Company does not lend money, extend credit, or make available loans under the name personal loans via a third party to any of its directors or executives, nor does it provide guarantee in their favor.

Independent Auditor’s Report on the Annual Report

To the Board of Directors of

Pınar Entegre Et ve Un Sanayi A.Ş.

1. As part of our audit, we have assessed whether the financial information and the assessment and explanations of the Board of Directors presented in the annual report of Pınar Entegre Et ve Un Sanayi A.Ş. (“the Company”) prepared as of 31 December 2013 are consistent with the audited financial statements as of the same date.

2. Management is responsible for the preparation of the annual report in accordance with “the Communique on Determining the Minimum Contents of Company Annual Reports”.

3. Our responsibility is to express an opinion on whether the financial information provided in the annual report is consistent with the audited financial statements on which we have expressed our opinion dated 3 March 2014.

   Our assessment is made in accordance with the principles and procedures for the preparation and issuing of annual reports in accordance with Turkish Commercial Code No. 6102 (“TCC”). Those principles and procedures require that an audit is planned and performed to obtain reasonable assurance whether the financial information provided in the annual report are free from material misstatement regarding the consistency of such information with the audited financial statements and the information obtained during the audit.

   We believe that the assessment we have made is sufficient and appropriate to provide a basis for our opinion.

4. Based on our opinion, the financial information and the assessment and explanations of the Board of Director’s in the accompanying annual report of Pınar Entegre Et ve Un Sanayi A.Ş. are consistent with the audited financial statements as at 31 December 2013.

Yöntem Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
a member of Nexia International

Atila Yılmaz DÖLARSLAN, YMM
Partner

Izmir, 3 March 2014

Independent Auditor's Report

To the Board of Directors of

Pınar Entegre Et ve Un Sanayii A.Ş.

1. We have audited the accompanying balance sheet of Pınar Entegre Et ve Un Sanayii A.Ş. (the Company) as at 31 December 2013 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

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

Independent auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments; the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pınar Entegre Et ve Un Sanayii A.Ş. as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

Emphasis of Matter

5. As explained in Notes 1 and 7 to the financial statements, the Company sells a substantial portion of its products to its related party and associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., which performs sales and distribution of the Company's products in the domestic market.

Other Matter

6. The financial statements of the Company as of and for the year ended 31 December 2012, were audited by another audit firm. This audit firm issued an unqualified audit opinion on 14 March 2013 related to the financial statements as of and for the year ended 31 December 2012.

Independent Auditor's Report

Reports on independent auditor's responsibilities arising from other regulatory requirements

7. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the Company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the Company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 25 May 2012 and it is comprised of two members. The committee has met two times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the Company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

Yöntem Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
a member of Nexia International

Atila Yılmaz DÖLARSLAN, YMM
Partner

İzmir, 3 March 2014

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Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Financial Positions (Balance Sheets) at 31 December 2013 and 2012

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish.

	Notes	31 December 2013	31 December 2012
ASSETS			
Current Assets		**143.761.136**	**137.176.345**
Cash and Cash Equivalent	6	13.776.369	480.596
Trade Receivables		66.759.041	60.715.728
- Due From Related Parties	7	50.195.301	42.722.045
- Other Trade Receivables	8	16.563.740	17.993.683
Other Receivables		21.199.184	42.225.424
- Due From Related Parties	7	21.147.953	42.179.547
- Other Receivables		51.231	45.877
Derivative financial instruments	47	-	1.845.185
Inventories	11	37.209.662	30.510.192
Prepaid Expenses	13	2.295.724	1.247.306
Other Current Assets	30	2.521.156	151.914
Non - Current Assets		**297.516.737**	**275.374.993**
Financial Assets	48	608.945	687.145
Investments in Associates Accounted for Using Equity Method	4	106.724.092	107.209.671
Property, Plant and Equipment	15	189.458.626	167.346.243
Intangible Assets	18	225.791	105.716
Prepaid Expenses	13	499.283	26.218
TOTAL ASSETS		**441.277.873**	**412.551.338**

The financial statements at 31 December 2013 and for the year then ended have been approved for issue by Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş. on 3 March 2014.

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Financial Positions (Balance Sheets) at 31 December 2013 and 2012

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish.

	Notes	31 December 2013	31 December 2012
LIABILITIES			
Current Liabilities		**84.499.869**	**73.929.110**
Short-Term Borrowings	25	680.047	124.460
Short-Term Portion of Long-Term Borrowings	25	-	11.944.129
Other Financial Liabilities		121.169	-
Trade Payables		79.041.772	56.536.682
- Due to Related Parties	7	20.614.673	8.909.608
- Other Trade Payables	8	58.427.099	47.627.074
Payables Related to Employee Benefits	28	731.841	563.589
Other Payables		1.095.848	1.782.041
- Due to Related Parties	7	52.152	148.720
- Other Payables	10	1.043.696	1.633.321
Deferred Income	13	41	146.906
Current Income Tax Liabilities	41	1.224.733	1.457.116
Short-Term Provisions		1.125.022	1.343.533
- Provisions for Employee Benefits	28	1.064.802	1.283.333
- Other Provisions	26	60.220	60.200
Other Current Liabilities	30	479.396	30.654
Non-Current Liabilities		**23.753.867**	**22.447.843**
Long-Term Provisions		11.659.529	10.116.805
- Provisions for Employee Termination Benefits	28	11.659.529	10.116.805
Deferred Income Tax Liabilities	41	12.094.338	12.331.038
TOTAL LIABILITIES		**108.253.736**	**96.376.953**
EQUITY		**333.024.137**	**316.174.385**
Share Capital	31	43.335.000	43.335.000
Adjustment to Share Capital	31	37.059.553	37.059.553
Other Comprehensive Income/(Expense) not to be Reclassified to Profit and Loss		96.895.853	94.233.991
- Revaluation of Property, Plant and Equipment	15	100.518.080	97.364.859
- Actuarial Gain/(Loss) Arising From Defined Benefit Plans		(2.451.011)	(2.196.325)
- Actuarial Gain/(Loss) Arising From Defined Benefit Plans Investments-in-Associates		(1.171.216)	(934.543)
Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss		8.085.518	8.777.760
- Foreign Currency Translation Differences		1.344.740	382.081
- Cash Flow Hedge on Fair Value Reserves of Investments-in-Associates		(68.346)	(229.937)
- Fair Value Reserves of Available-for-Sale Investments	48	51.891	45.992
- Fair Value Reserves of Investments-in-Associates	4	6.757.233	8.579.624
Restricted Reserves	31	25.055.110	22.448.345
Retained Earnings		84.337.694	77.647.810
Profit for the Year		38.255.409	32.671.926
TOTAL LIABILITIES AND EQUITY		**441.277.873**	**412.551.338**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Income and Other Comprehensive Income for the Periods 1 January - 31 December 2013 and 2012

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish.

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
PROFIT OR LOSS			
Revenue	32	479.294.192	416.443.481
Cost of Sales	32	(396.232.302)	(344.089.735)
Gross Profit from Trading Operations		**83.061.890**	**72.353.746**
GROSS PROFIT	32	**83.061.890**	**72.353.746**
General Administrative Expenses	34	(16.056.920)	(17.198.917)
Marketing Expenses	34	(28.063.013)	(21.249.565)
Research and Development Expenses		(1.110.750)	(1.061.293)
Other Operating Income	35	1.806.905	1.077.602
Other Operating Expense	35	(1.311.479)	(970.742)
OPERATING PROFIT		**38.326.633**	**32.950.831**
Income from Investment Activities	36	2.967.078	6.630.487
Expense from Investment Activities	36	(663.228)	-
Share of Results of Investment-in-Associates-net	4	4.216.216	1.111.545
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**44.846.699**	**40.692.863**
Financial Income	38	2.621.612	4.361.474
Financial Expense	38	(1.902.222)	(6.329.062)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**45.566.089**	**38.725.275**
Tax Income/(Expense) of Continuing Operations		(7.310.680)	(6.053.349)
- Current Income Tax Expense	41	(8.549.858)	(7.833.110)
- Deferred Tax Income	41	1.239.178	1.779.761
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**38.255.409**	**32.671.926**
PROFIT FOR THE YEAR		**38.255.409**	**32.671.926**
Earnings per share		**0,8828**	**0,7539**
- Earnings per share from continuing operations	42	0,8828	0,7539
OTHER COMPREHENSIVE INCOME:			
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss		**7.020.985**	**(2.130.540)**
Increase in Revaluation Reserve of Investments-in-Associates		549.896	-
Increase in Revaluation Reserve		8.027.123	-
Actuarial Loss Arising From Defined Benefit Plans Investments-in-Associates		(236.673)	-
Actuarial Loss Arising From Defined Benefit Plans		(318.358)	(2.663.175)
Taxes for other comprehensive income/(expense) not to be reclassified to profit or loss			
- Deferred tax (liabilities)/assets	41	(1.001.003)	532.635
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss		**(692.242)**	**2.126.771**
Foreign currency translation differences	2-4	962.659	(137.870)
Increase in Fair Value Reserves of Available-for-Sale Investments	48	7.374	19.507
Increase in Fair Value Reserves of Investments-in-Associates	4	(1.822.391)	2.316.719
Cash Flow Hedge on Fair Value Reserves of Investments-in-Associates	4	161.591	(67.684)
Taxes for other comprehensive income/(expense) to be reclassified to profit or loss			
- Deferred tax liabilities	41	(1.475)	(3.901)
OTHER COMPREHENSIVE INCOME		**6.328.743**	**(3.769)**
TOTAL COMPREHENSIVE INCOME		**44.584.152**	**32.668.157**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Cash Flows for the Years Ended at 31 December 2013 and 2012

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish.

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**38.255.409**	**32.671.926**
Adjustments related to reconciliation of net profit for the year		**11.479.407**	**10.745.443**
Adjustments related to taxation	41	7.310.680	6.053.349
Adjustments related to depreciation and amortisation	15-18	8.625.365	7.410.431
Adjustments related to provision for employment termination benefits	28	1.803.646	1.489.140
Adjustments related to interest income	35-36-38	(3.777.955)	(5.988.471)
Adjustments related to interest expense	35-36-38	999.640	2.429.370
Adjustments related to inventory profit elimination	4	73.757	14.579
Adjustments related to management bonus provision	28	-	500.000
Adjustments related to shares of results of investments- In-associates	4	(4.216.216)	(1.111.545)
Adjustments related to impairment on available-for-sale investments	36	85.574	-
Adjustments related to (loss)/gain on sales of property, plant and equipment - net	36	571.528	(52.053)
Unrealized foreign exchange (gain)/loss		3.388	643
Changes in working capital		**6.001.945**	**(4.066.192)**
Adjustments related to (increase)/decrease in trade receivables	8	1.429.943	(1.923.889)
Adjustments related to decrease/(increase) in inventories	11	(6.699.470)	1.779.144
Adjustments related to increase in trade receivables from related parties	7	(7.473.256)	(9.778.578)
Adjustments related to (increase)/decrease in other receivables and other current assets		(3.423.014)	1.040.423
Adjustments related to (increase)/decrease in other non-current assets		(473.065)	109.637
Adjustments related to increase in trade payables	8	10.800.025	2.047.359
Adjustments related to increase in trade payables to related parties	7	11.705.065	3.605.219
Adjustments related to increase in other current and non-current liabilities		135.717	(945.507)
Cash used in operating activities		**(9.714.075)**	**(7.030.692)**
Employment termination benefits paid	28	(702.913)	(1.136.829)
Bonus paid	28	(228.921)	(215.692)
Taxes paid	41	(8.782.241)	(5.678.171)
Net cash generated from operating activities		**46.022.686**	**32.320.485**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4.139.949	6.354.729
Dividends received	7	4.244.617	6.498.794
Purchases of property, plant and equipment and intangible assets		(23.425.891)	(10.726.497)
Proceeds from sales of property, plant and equipment		23.663	178.981
Decrease in non-trade due from related parties	7	20.668.102	13.873.245
Net cash generated from investing activities		**5.650.440**	**16.179.252**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflows related to financial liabilities		(9.189.413)	(21.539.042)
Decrease in non-trade due to related parties	7	(96.568)	(784.920)
Dividends paid	7	(27.734.400)	(26.867.700)
Interest paid		(1.353.584)	(2.694.447)
Participation to capital increase in available-for-sale investments	-	(264.267)	
Net cash used in financing activities		**(38.373.965)**	**(52.150.376)**
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences		**13.299.161**	**(3.650.639)**
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(3.388)**	**(643)**
Net increase/(decrease) in cash and cash equivalents		**13.295.773**	**(3.651.282)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**480.596**	**4.131.878**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**13.776.369**	**480.596**

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

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Statements of Changes in Equity for the Years Ended at 31 December 2013 and 2012

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish.

			Other Comprehensive Income/(Expense) not to be reclassified to profit or loss		
	Share Capital	Adjustment to Share Capital	Revaluation Reserve	Actuarial Gain/ (Loss) Arising From Defined Benefit Plans	Actuarial Gain/ (Loss) Arising From Defined Benefit Plans of Investments in-Associates
PREVIOUS PERIOD					
Amounts as of 1 January 2012 (opening) - previously reported	**43.335.000**	**37.059.553**	**100.464.572**	**-**	**-**
Adjustments related to changes in accounting policies (Note 2)	-	-	-	(65.785)	(934.543)
Amounts as of 1 January 2012 (opening) - restated	**43.335.000**	**37.059.553**	**100.464.572**	**(65.785)**	**(934.543)**
Dividend payment (Note 7)	-	-	-	-	-
Transfer of profit for prior year to retained earnings	-	-	-	-	-
Legal reserves	-	-	-	-	-
Depreciation transfer of investments - net (Note 15)	-	-	(246.282)	-	-
Total comprehensive income	-	-	-	(2.130.540)	-
Depreciation transfer - net (Note 15)	-	-	(2.853.431)	-	-
Amounts as of 31 December 2012 (closing)	**43.335.000**	**37.059.553**	**97.364.859**	**(2.196.325)**	**(934.543)**
CURRENT PERIOD					
Amounts as of 1 January 2013 (opening) - previously reported	**43.335.000**	**37.059.553**	**97.364.859**	**-**	**-**
Adjustments related to changes in accounting policies (Note 2)	-	-	-	(2.196.325)	(934.543)
Amounts as of 1 January 2013 (opening) - restated	**43.335.000**	**37.059.553**	**97.364.859**	**(2.196.325)**	**(934.543)**
Dividend payment (Note 7)	-	-	-	-	-
Transfer of profit for prior year to retained earnings	-	-	-	-	-
Legal reserves	-	-	-	-	-
Depreciation transfer of investments - net (Note 15)	-	-	(1.057.891)	-	-
Total comprehensive income	-	-	7.512.344	(254.686)	(236.673)
Sale of property, plant and equipment	-	-	(414.809)	-	-
Depreciation transfer - net (Note 15)	-	-	(2.886.423)	-	-
Amounts as of 31 December 2013 (closing)	**43.335.000**	**37.059.553**	**100.518.080**	**(2.451.011)**	**(1.171.216)**

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

Other Comprehensive Income/(Expense) to be reclassified to profit or loss					Retained Earnings		
Foreign Currency Translation Differences	**Fair Value Reserve for Available-For-Sale Investments**	**Fair Value Reserve for Investment- in-Associates**	**Cash Flow Hedge on Fair Value Reserves of Investments-in- Associates**	**Restricted Reserves**	**Retained Earnings**	**Profit for the year**	**Total Equity**
519.951	**30.386**	**6.262.905**	**(162.253)**	**19.928.250**	**73.203.687**	**29.731.877**	**310.373.928**
-	-	-	-	-	1.000.328	-	-
519.951	**30.386**	**6.262.905**	**(162.253)**	**19.928.250**	**74.204.015**	**29.731.877**	**310.373.928**
-	-	-	-	-	(26.867.700)	-	(26.867.700)
-	-	-	-	-	29.731.877	(29.731.877)	-
-	-	-	-	2.520.095	(2.520.095)	-	-
-	-	-	-	-	246.282	-	-
(137.870)	15.606	2.316.719	(67.684)	-	-	32.671.926	32.668.157
-	-	-	-	-	2.853.431	-	-
382.081	**45.992**	**8.579.624**	**(229.937)**	**22.448.345**	**77.647.810**	**32.671.926**	**316.174.385**
382.081	**45.992**	**8.579.624**	**(229.937)**	**22.448.345**	**76.647.482**	**30.541.386**	**316.174.385**
-	-	-	-	-	1.000.328	2.130.540	-
382.081	**45.992**	**8.579.624**	**(229.937)**	**22.448.345**	**77.647.810**	**32.671.926**	**316.174.385**
-	-	-	-	-	(27.734.400)	-	(27.734.400)
-	-	-	-	-	32.671.926	(32.671.926)	-
-	-	-	-	2.606.765	(2.606.765)	-	-
-	-	-	-	-	1.057.891	-	-
962.659	5.899	(1.822.391)	161.591	-	-	38.255.409	44.584.152
-	-	-	-	-	414.809	-	-
-	-	-	-	-	2.886.423	-	-
1.344.740	**51.891**	**6.757.233**	**(68.346)**	**25.055.110**	**84.337.694**	**38.255.409**	**333.024.137**

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Notes to the Financial Statements for the Period between 1 January - 31 December 2013

(Amount expressed in Turkish Lira (“TL”) unless otherwise indicated.)
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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Entegre Et ve Un Sanayii A.Ş. (the “Company”) was established in 1985 and is engaged in production of meat and by-products of cattle, sheep, poultry and fish, frozen dough and packaged food. The Company sells its products under “Pınar” brand, which is one of the leading brands in food and beverages business in Turkey.

The Company is a member of Yaşar Group. Majority of the Company’s sales in the domestic market amounting approximately 76% (2012: 74%) are made to its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. (“YBP”), and majority of the exports are made to Yaşar Dış Ticaret A.Ş. (“YDT”), which are both Yaşar Group companies (Note 7).

The Company is subject to the regulations of the Capital Market Board (“CMB”) and 33% (2012: 33%) of its shares are quoted on the Borsa Istanbul (“BIST”). The ultimate parent of the Company is Yaşar Holding A.Ş. (“Yaşar Holding”) with 54% shares of the Company (2012: 54%) (Note 31).

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

Ankara Asfaltı 25. Km,
Kemalpaşa
İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations (“IFRIC”).

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year’s financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintains its books of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions except for financial assets, financial liabilities, land, buildings and land improvements, machinery and equipments which are carried at fair value. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS. The Company’s functional and reporting currency is Turkish Lira (“TL”).

2.2 Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2013 and are adopted by the Company:

- Amendment to TAS 1, “Financial statement presentation” regarding other comprehensive income, 1 July 2012, The main change resulting from these amendments is a requirement for entities to group items presented in “other comprehensive income” (“OCI”) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to TAS 19 (amendment), “Employee benefits”, is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains and losses arising from the calculations of provision for employment termination benefits will be classified under other comprehensive income without having an effect on the net profit/loss for the year. The Company is yet to assess IAS 19’s full impact.

As a result of the retrospective application of these changes; the actuarial gains and losses reported in the general administrative expenses in the comprehensive income statement as of 1 January 2012 and 2013 amounting to 1.000.328TL and 3.130.868 TL, respectively, has been reclassified to actuarial gains and losses in the comprehensive income and balance sheet. The related balances in both comprehensive income and balance sheet have been restated.

TFRS 12, “Disclosures of interests in other entities”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

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- TFRS 13, “Fair value measurement” is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRS.
- Amendment to IFRSs/TFRSs 10, 11 and 12 on transition guidance¸; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- TAS 28, “Associates and joint ventures”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 “Joint arrangements”.
- TFRS 7 (amendment), “‘Financial instruments: Disclosures’, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare TFRS financial statements and those that prepare US GAAP financial statements.
- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013. It includes changes to standards including TFRS 1, ‘First time adoption’, TAS 1, ‘Financial statement presentation’, TAS 16, ‘Property plant and equipment’, TAS 32, ‘Financial instruments; Presentation’ and TAS 34, ‘Interim financial reporting’.

b) New standards, amendments and interpretations issued and effective as of 1 January 2013 have not been presented since they are not relevant to the operations of the Group or have insignificant impact on the financial statements.

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

- TAS 32 (amendment), “Financial instruments: Presentation”, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- TFRS 9 ‘Financial instruments’ - classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, “Financial instruments: Recognition and measurement”.
- TAS 36 (amendment), “Impairment of assets” on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- TAS 39 (amendment), “Financial instruments: Recognition and Measurement”, is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as result of laws or regulation, if specific conditions are met.

Company will determine the effects of these amendments above on the financial statements and will apply after effective date. The amendments do not have significant impact 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 which not control. Unrealised gains on transactions between the Company has significant influence, but which not control. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company’s share of its associates’ post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves, such as fair value changes in available-for-sale financial assets, revaluation of property, plant and equipments, depreciation transfer and derecognition of such reserves, is recognised in statement of changes in equity and statement in comprehensive income.

When the carrying amount of the investment in an associated undertaking reaches zero, unless the Company has incurred obligations or guaranteed obligations in respect of the associates or significant influence of the Company ceases, cannot be expected more. Equity accounting is discontinued since the significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

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Notes to the Financial Statements for the Period between 1 January - 31 December 2013

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The table below sets out the associates and the proportion of ownership interest as of 31 December 2013 and 2012 (Note 4):

	Shareholding (%)	
	2013	2012
Investments-in-associates		
YBP	38,05	38,05
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23,38	23,38
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	26,41	26,41

Foreign currency translation

i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

ii) Translation of financial statements of foreign associate

Financial statements of Pınar Foods operating in Germany are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period. As of 31 December 2013, the equivalent of EUR1 is TL2,9365 (2012: TL2,3517) and for the year then ended, the average equivalent of EUR1 is TL2,5270 (2012: TL2,3046). Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

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 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 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2013 on a comparative basis with balance sheet at 31 December 2012; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2013 on a comparative basis with financial statements for the period of 1 January - 31 December 2012.

The Company has made below reclassifications in prior period consolidated financial statements in line with the illustrative financial statements and disclosures guidance issued by CMB with the decision taken on the meeting held on 7 June 2013, numbered 20/670:

- The prepaid expenses and advances given amounting to 1.118.454 TL and 128.852 TL, respectively, were previously reported in other current assets. They are reclassified to prepaid expenses.
- The receivables amounting to 45.877 TL was previously reported in other current assets and receivables. They are reclassified to other receivables from non-related parties.
- The financial liabilities amounting to 124.460 TL and 11.944.129 TL were previously reported in financial liabilities. They are reclassified to current financial liabilities and current portion of non current financial liabilities.
- The payables to personnel and social security premium deductions amounting to 6.143 TL and 557.446 TL, respectively were previously reported in other current liabilities. They are reclassified to employee benefits.
- The advances received amounting to 146.906 TL was previously reported in other current liabilities. They are reclassified to deferred revenue.
- The bonus provisions and seniority allowance amounting to 1.148.549 TL and 134.784 TL was previously reported in short term provisions. They are reclassified to short term employee benefit provisions.
- The termination benefit provision and seniority allowance amounting to 9.892.871 TL and 223.934 TL was previously reported in long term provisions. They are reclassified to long term employee benefit provisions.

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The reclassifications performed in the profit and loss statement and comprehensive income statements as of and for the year ended 31 December 2012 are presented below:

- The tangible assets sales income amounting to 52.053 TL was previously reported in other operating income. They are reclassified to investing income.
- Foreign exchange gain and interest income, previously reported in finance income, amounting to 6.578.434 TL and 21.779 TL, respectively were reclassified to operating income.
- Foreign exchange loss and interest expense, previously reported in finance expense, amounting to 183.983 TL was reclassified to operating expense.

Parallel to the reclassifications mentioned above the cash flow statement as of 31 December 2012 has been restated as well.

2.6 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 32)

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 assets' 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. Rent income is recognized on an accrual basis. Dividend income is recognised when the Company's right to receive the payment is established.

2.6.2 Inventories

Raw materials of the Company mainly consist of meat and white meat as well as spices and animal fats, which are used in production of meat. Work in progress stocks mainly consists of processed turkey, cattle and sheep meat, finished goods consist of delicatessen, frozen and fresh meat product, other stocks mainly consists of spare parts.

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 11).

2.6.3 Property, plant and equipment

The Company's land and land improvements, buildings are stated at fair value, based on valuations by external independent valuer at 30 June 2013, namely Elit Gayrimenkul Değerleme A.Ş., machinery and equipments are stated at fair value, based on valuations by external independent valuer at 31 December 2011, namely Vakıf Gayrimenkul Değerleme A.Ş. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Property, plant and equipment, except for land and land improvements, buildings, machinery and equipment, acquired before 1 January 2005 are carried at cost, in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, as of 31 December 2012 (Note 15).

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

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively. The advances given for the property, plant and equipment purchases are classified under the other non-current assets until the related asset is capitalised.

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Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 15). Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipments are as follows:

	Years
Buildings and land improvements	5-30
Machinery and equipments	5-20
Furniture and fixtures	5-10
Motor vehicles	5

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 15). 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 (Note 36).

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and re included in the related income and expense accounts, as appropriate (Note 36). 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 comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset’s carrying value 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 ore recognised as separate asset, are depreciated based on their useful lives.

2.6.4 Intangible assets

Intangible assets comprise information systems and software. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortisation and 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. In case of an impairment, the carrying values of the intangible assets is written-down to their recoverable amounts (Note 2.6.5).

2.6.5 Impairment of assets

At each reporting date, the Company assess whether there is an impairment indication for the assets, except for the deferred income tax asset, and property, plant and equipment that are stated at revalued amounts as of reporting date. If there is an indication of impairment, the impairment test is performed more frequently. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Goodwill on acquisitions of associates is included in the carrying amount of an investment-in-associate and not tested for impairment separately by applying the requirements for impairment testing of goodwill in IAS 36, “Impairment of Assets”. Instead, the entire carrying amount of the investments is tested under IAS 36 Impairments, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount, whenever application of the requirements of IAS 39 indicates that the investment may be impaired. In accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, if there is an indication of impairment in investment in associates, the carrying amount of the investments is tested in accordance with IAS 36, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount and any additional impairment loss is recognised, if any.

Assets are allocated to cash-generating units for the purpose of impairment testing, which is undertaken at the lowest level. The recoverable amount of an intangible assets not yet available for use to be measured annually, irrespective of whether there is any indication that it may be impaired. 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 which is the higher of an asset’s net selling price and value in use. All impairment losses are accounted for in the statement of comprehensive income. Decreases that offset previous increases of the respective asset are charged against the revaluation reserve; all other decreases are charged to the statement of comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognised.

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

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

2.6.6 Borrowing and borrowing cost

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 38). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Notes 25).

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

2.6.7 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 re-evaluates 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 less any impairment, if any. Short term loans and receivables without a determined interest rate are evaluated with the invoice amount if the effective interest rate is negligible.

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 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 48). 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.

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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 income. Impairment losses recognised in the statement of comprehensive income on investments are not reversed through the statement of comprehensive income.

2.6.8 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 42).

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.

2.6.9 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 42).

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

2.6.10 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 26). Provisions are not recognised for future operating losses.

2.6.11 Accounting policies, errors and change 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 changes 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.

2.6.12 Related parties

For the purpose of these 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, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 7).

2.6.13 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 is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that takes strategic decisions.

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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 material, segment reporting is not applicable.

2.6.14 Leases

(1) The Company as the lessee

Finance Leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property net off any tax incentives received, if any, or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities (Note 21). The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the lower of useful life or the lease period of the asset (Note 15).

Operating Leases

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

(2) The Company as the lessor

Operating Leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. Rental income is recognised on a straight-line basis over the lease term in the statement of comprehensive income.

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 41). The adjustments related to prior period tax liabilities are recognised in other operating expenses.

Deferred income tax income or expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In case, when the tax is related to items recognized directly in equity and other comprehensive income, the tax is also recognized in equity and other comprehensive income.

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 and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled as of the balance sheet date (Note 41).

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 41).

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 28).

2.6.17 Statement of cash flow

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

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2.6.18 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.

2.6.19 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 and fair value available-for-sale investments could be different when the purchase/sales of the transactions incurred (Note 48).

c) Impairment test of goodwill and distribution network recognised as investments in associates

The Company management used several estimations and assumptions in the impairment test of assets in the impairment tests which are based on discounted cash flow technique as stated in IAS 36 "Impairment of Assets" (Note 4).

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

The Company's land and land improvements, buildings are stated at fair value, based on valuations by external independent valuer at 30 June 2013, namely Elit Gayrimenkul Değerleme A.Ş., machinery and equipments are stated at fair value, based on valuations by external independent valuer at 31 December 2011, namely Vakıf Gayrimenkul Değerleme A.Ş. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions;

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, 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 m^2 sale value was determined for lands subject to the valuation. The similar pieces of land found were compared in terms of location, accessibility, size, settlement status, changes in 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 utilized.
- 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, one of the components.
- Regarding the valuation of the machinery and equipment, technologic conditions, economic and commercial useful life, capacities, technological and actual tear, 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.

The carrying values of land, land improvements, buildings, machinery and equipment do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings, land improvements and machinery and equipment of which valuations are based on cost approach, accordance with the "IAS 36 Impairment of Assets", and no impairment indicator is identified.

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NOTE 3 - BUSINESS COMBINATIONS

None (31 December 2012: None).

NOTE 4 - INTERESTS IN OTHER ENTITIES

Investments-in-associates:

	31 December 2013		31 December 2012	
	TL	%	TL	%
YBP	78.332.821	38,05	80.163.710	38,05
Çamlı Yem	16.317.149	23,38	17.311.323	23,38
Desa Enerji	7.157.807	26,41	6.018.887	26,41
Pınar Foods	4.916.315	44,94	3.715.751	44,94
	106.724.092		**107.209.671**	

Movement in investments-in-associates during the years are as follows:

	2013	2012
1 January	**107.209.671**	**110.498.031**
(Decrease)/increase in fair value reserves investments-in-associates - net	(1.822.391)	2.316.719
Share of profit/(loss) before taxation of investments-in-associates - net	4.216.216	1.111.545
Increase in revaluation reserve of investments-in-associates - net	549.896	-
Cash flow hedge - net	161.591	(67.684)
Actuarial gain/loss arising from defined benefit plans of investments-in associates	(236.673)	-
Dividend income from investments-in-associates (Note 7.ii.k)	(4.243.120)	(6.496.491)
Currency translation reserve	962.659	(137.870)
Elimination of net effect of unrealized profits on inventory	(73.757)	(14.579)
31 December	**106.724.092**	**107.209.671**

Movement of fair value in investments-in-associates during the years are as follows:

	2013	2012
1 January	**8.579.624**	**6.262.905**
Change in fair value- net (Çamlı Yem)	490.718	150.699
Change in fair value- net (YBP)	(2.313.109)	2.166.020
31 December	**6.757.233**	**8.579.624**

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Condensed financial statements of investments in associates are as follows;

	Assets	Liabilities	Net Profit/(Loss)	Net Sales	Other Comprehensive Income/(Expense)
31 December 2013					
- YBP	318.254.437	214.533.630	12.913.964	1.245.029.917	(6.374.438)
- Çamlı Yem	233.869.355	164.130.299	(9.012.687)	243.219.209	4.626.643
- Desa Enerji	30.167.824	3.065.186	4.437.452	29.887.228	-
- Pınar Foods	15.161.263	4.221.532	528.902	41.618.604	2.141.891
31 December 2012					
- YBP	348.852.634	240.507.505	5.344.195	1.119.940.000	5.708.000
- Çamlı Yem	210.921.375	136.878.079	(9.247.351)	240.140.896	(76.243)
- Desa Enerji	25.987.656	3.197.476	4.472.907	26.544.752	-
- Pınar Foods	11.635.476	3.367.228	177.499	26.489.341	(304.038)

Details of significant investment in associates of the Company as at 31 December 2013 and 2012 are as follows;

			The Company's shares and voting right rates	
Associates	**Nature of business**	**Based on**	**31 December 2013**	**31 December 2012**
			38,05	38,05
- YBP	Marketing and distribution	Turkey	23,38	23,38
- Çamlı Yem	Livestock	Turkey	26,41	26,41
- Desa Enerji	Energy production	Turkey	44,94	44,94
- Pınar Foods	Marketing and distribution	Germany	44,94	

NOTE 5 - SEGMENT REPORTING

None (31 December 2012: None).

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash in hand	30.360	37.228
Banks	13.696.920	443.368
- demand deposits	101.920	103.368
- time deposits	13.595.000	340.000
Other	49.089	-
	13.776.369	**480.596**

As of 31 December 2013, time deposits amounting to TL13.595.000 (2012: TL340.000) mature less than one month (2012: less than one month) and bear the effective weighted average interest rates of 8,55% per annum ("p.a.") (2012: 7,18% p.a.).

The Company does not have any foreign currency denominated demand deposits at 31 December 2013 (2012: USD219, equivalent of TL390), whereas cash in hand at 31 December 2013 comprised of USD3.273 and EUR3.825, equivalent of TL18.218 (2012: USD2.105 and EUR4.305, equivalent of TL13.876).

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

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NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2013 and 2012 are as follows:

i) Balances with related parties:

	31 December 2013	31 December 2012
a) Trade receivables from related parties- current:		
YBP	49.086.213	41.575.378
YDT	1.518.008	1.347.670
	50.604.221	**42.923.048**
Less: Unearned finance income	(408.920)	(201.003)
	50.195.301	**42.722.045**

The effective weighted average interest rate on TL denominated short-term trade receivable is 8,62% p.a as of 31 December 2012, (2012: 7,57%) and mature within two months (2012: two months).

As of 31 December 2013, trade receivables of TL536.134 (2012: TL433.998), over which no provision for impairment is provided of overdue receivables and maturity is about one month. (2012: one month) (Note 49-a).

b) Non-trade receivables from related parties - current:

Yaşar Holding	20.992.475	41.997.934
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya")	94.191	123.415
Viking Kağıt ve Selüloz A.Ş. ("Viking")	61.287	58.198
	21.147.953	**42.179.547**

As of 31 December 2013, the Company has short-term receivables from Yaşar Holding amounting to TL20.992.475 (2012: TL31.898.990) which are non-trade. The effective weighted average interest rate applied to those receivables is 8,75% p.a. (2012: 8,25% p.a.). Company management expects to collect other receivables from Yaşar Holding between three to twelve months.

Other receivables from Yaşar Holding amounting to TL10.098.944 consisting of principal and interest accrual of TL loan obtained from a financial institution by the Company and were transferred to related parties with the same terms and conditions, amounting to TL9.745.000 and TL353.944, respectively. The effective weighted average interest rate applied to TL denominated loan is 13,91% p.a.

Other receivables of the Company from related parties consist of receivables related with overdue interest charges and bail commission charges for the borrowings obtained by Yaşar Group companies from international capital markets and various financial institutions with the guarantee of the Company.

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	31 December 2013	31 December 2012
c) Trade payables to related parties - current:		
Çamlı Yem	17.823.087	6.242.167
Yaşar Holding	1.628.071	1.433.633
Yadex Export-Import und Spedition GmbH ("Yadex")	869.402	208.690
Hedef Ziraat Ticaret A.Ş.	247.858	558.489
Pınar Su Sanayi ve Ticaret A.Ş. ("Pınar Su")	12.388	93.304
Other	96.365	410.015
	20.677.171	**8.946.298**
Less: Unincurred finance cost	(62.498)	(36.690)
	20.614.673	**8.909.608**

TL7.522.500 portion of the receivables from Çamlı Yem is related to the land, building and machinery purchase performed in December 2013 as a result of a valuation report performed by an independent valuer (Note 7.ii.h).

As of 31 December 2013, the effective weighted average interest rate applied to those payables is 8,61% (2012: 7,56%) and maturity is 2 months (2012: 2 months).

d) Non-trade payables to related parties- current:

Payable to shareholders	52.152	148.720
	52.152	**148.720**

ii) Transaction with related parties:

	1 January - 31 December 2013	1 January - 31 December 2012
a) Product sales:		
YBP	368.337.669	309.876.469
YDT	9.897.229	7.774.082
Çamlı Yem	2.841.639	2.738.422
Other	9.085	9.442
	381.085.622	**320.398.415**

Majority of the Company's sales in domestic market are made to its associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies.

	1 January - 31 December 2013	1 January - 31 December 2012
b) Service sales:		
Pınar Süt	117.101	42.490
Çamlı Yem	55.387	39.167
YDT	52.567	25.799
YBP	12.923	35.188
Other	14.782	11.674
	252.760	**154.318**

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c) Finance income and income from investment activities:

	1 January - 31 December 2013	1 January - 31 December 2012
Yaşar Holding	2.714.423	3.991.244
Dyo Boya	122.454	134.159
Viking	73.422	66.434
YBP	46.669	89.334
Çamlı Yem	17.653	16.609
Pınar Süt	10.356	19.930
Other	3.889	-
	2.988.866	**4.317.710**

The part of financial income and income from investment activities includes interest income of borrowings obtained from various financial institutions and transferred to the related parties with the same terms and conditions and interest income of trade and non-trade receivables.

As it is explained in Note 38, the majority of finance income consists of bail commission charges amounting to TL1.023.663 (2012: TL1.147.876), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company. The commission rates of bail and financing used in the associated intercompany charges is 0,50% p.a. (2012: 0,50% p.a.).

d) Dividends received:

YBP	4.243.120	6.496.491
Bintur	1.497	2.303
	4.244.617	**6.498.794**

e) Other incomes from related parties:

YBP	468.093	426.152
Çamlı Yem	31.797	9.655
Other	213.796	2.700
	713.686	**438.507**

Other income from YBP and Çamlı Yem is related to the rent of cars and building.

f) Product purchases:

Çamlı Yem	51.784.581	36.353.232
Yadex	4.760.738	2.366.120
Hedef Ziraat	2.466.109	1.945.914
Pınar Süt	301.930	539.062
Other	50.487	51.167
	59.363.845	**41.255.495**

The product purchases performed from Çamlı Yem and Yadex are related to turkey, fish and indirect material purchases, respectively.

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g) Service purchases:

	1 January - 31 December 2013	1 January - 31 December 2012
Yaşar Holding	6.249.033	5.845.125
YBP	2.375.143	2.207.505
YDT	480.257	360.957
Bintur	246.474	228.196
Other	262.966	226.585
	9.613.873	**8.868.368**

Service purchases from YBP are related to promotion and advertisement. Service purchases from Yaşar Holding are related to consultancy services.

h) Purchases of property, plant and equipment:

Çamlı Yem	12.980.000	-
Yaşar Holding	114.044	-
YBP	76.954	18.679
Other	517	9.151
	13.171.515	**27.830**

i) Finance and other operating expenses:

Çamlı Yem	160.969	208.684
Yaşar Holding	32.192	60.023
Pınar Su	12.413	16.609
YBP	11.737	20.555
Pınar Süt	8.630	16.609
Viking	8.630	16.609
Dyo Boya	8.630	16.609
Other	7.336	-
	250.537	**355.698**

The finance expense mainly includes bail commission charges, which is related with borrowings obtained by the Company from international capital markets and various financial institutions with the guarantee of the related parties, which is amounting to TL63.568 (2012: TL195.190). The rates of bail commission and commission for financial services used in the charges are 0,50% p.a. per each (2012: 0,50% p.a. per each).

j) Other expenses from related parties:

YBP	155.500	126.910
Other	54.810	16.418
	210.310	**143.328**

k) Dividends paid (*):

Yaşar Holding	15.025.212	14.555.674
Pınar Süt	3.489.121	3.380.086
	18.514.333	**17.935.760**

(*) In the year 2013, the Company distributed dividend amounting to TL27.734.400 (2012: TL26.867.700). TL9.220.067 portion of this dividend (2012: TL8.931.940) was paid to other shareholders.

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	1 January - 31 December 2013	1 January - 31 December 2012
l) Donations:		
Yaşar Üniversitesi	500.000	-
Yaşar Eğitim Vakfı	104.743	42.525
	604.743	**42.525**

m) Key management compensation:

Key management includes, members of board of directors, general manager and directors. The compensation paid or payable to key management are shown below:

Short-term employee benefits	2.054.096	1.771.011
Bonus and profit-sharing	142.550	590.100
Post-employment benefits	91.296	16.928
Other long-term benefits	29.717	75.136
	2.317.659	**2.453.175**

n) Bails given to related parties:

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 Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamulleri Sanayii A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR44.444.444 and USD250.000.000, equivalent of TL664.086.110 (2012: EUR70.000.000 and USD275.000.000, equivalent of TL654.834.000) (Note 26).

o) Bails received from related parties:

The Company does not have any guarantees received from related parties as of 31 December 2013 (2012: Guarantees received from related parties are related with joint guarantees provided to the Company by Yaşar Holding, Çamlı Yem, Dyo Boya, Viking, Pınar Su, Pınar Süt and YBP for repayment of borrowings obtained by the Company from international capital markets amounting to EUR5.000.000 equivalent of TL11.758.500).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2013	31 December 2012
a) Short-term trade receivables:		
Customer current accounts	12.299.994	13.418.986
Cheques and notes receivable	4.732.732	5.005.359
	17.032.726	**18.424.345**
Less: Provision for impairment of receivables	(303.499)	(303.499)
Unearned finance income	(165.487)	(127.163)
	16.563.740	**17.993.683**

The effective weighted average interest rate on TL denominated trade receivable is 8,78% as of 31 December 2013 (2012: 7,57%) maturing within two months (2012: within two months).

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The agings of trade receivables as of 31 December 2013 and 2012, over which no provision for impairment is provided, are as follows:

	31 December 2013	31 December 2012
Overdue	256.446	2.089.989
0-30 days	5.995.764	6.629.594
31-60 days	7.367.367	6.873.270
61-90 days	995.335	687.471
91days and over	1.948.828	1.713.359
	16.563.740	**17.993.683**

As of 31 December 2013, trade receivables of TL256.446 (2012: TL2.089.989), over which no provision for impairment is provided, were past due. The Company management does not expect any collection risk regarding those receivables based on its past experience (Note 49.a).

The aging of overdue receivables as of 31 December 2013 and 2012 are as follows:

0-30 days	256.446	2.089.989
	256.446	**2.089.989**

b) Short-term trade payables

Supplier current accounts	57.087.127	46.943.441
Cheques	1.636.123	812.500
	58.723.250	**47.755.941**
Less: Unincurred finance cost	(296.151)	(128.867)
	58.427.099	**47.627.074**

As of 31 December 2013 and 2012, the effective weighted average interest rate TL, USD and EUR denominated on short-term trade payables are as below:

TL denominated trade payables	8,57%	7,56%
USD denominated trade payables	2,24%	2,21%
EUR denominated trade payables	2,94%	2,91%

Trade payables mature within one month (2012: one month).

NOTE 9 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2012: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2013	31 December 2012
a) Short-term other payables		
Taxes and funds payable	1.001.019	1.576.732
Other	42.677	56.589
	1.043.696	**1.633.321**

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NOTE 11 - INVENTORIES

	31 December 2013	31 December 2012
Raw materials	8.721.156	6.240.242
Raw materials in transit	1.482.524	878.365
Work in progress	13.474.799	11.899.362
Finished goods	9.339.796	7.730.127
Spare parts	3.672.774	3.184.513
Other (*)	518.613	577.583
	37.209.662	**30.510.192**

(*) Other stocks mainly consists of palettes.

The costs of inventories recognised as expense and included in cost of sales amounted to TL341.701.929 (2012: TL296.906.638) (Note 29). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell.

NOTE 12 - BIOLOGICAL ASSETS

None (2012: None).

NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2013	31 December 2012
a) Short-term prepaid expenses		
Prepaid expenses	1.485.488	1.118.454
Advances given	810.236	128.852
	2.295.724	**1.247.306**

b) Long-term prepaid expenses

Advances given	473.057	-
Prepaid expenses	26.226	26.218
	499.283	**26.218**

c) Deferred income

Advances received	41	146.906
	41	**146.906**

NOTE 14 - INVESTMENT PROPERTY

None (2012: None).

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2013 were as follows:

	1 January 2013	Additions	Disposals	Transfers	Revaluation	31 December 2013
Cost/revaluation:						
Land	54.816.000	6.000.000	-	-	3.605.000	64.421.000
Buildings and land improvements	50.851.660	2.970.731	-	657.656	2.350.284	56.830.331
Machinery and equipment	59.689.613	9.073.314	(758.957)	-	-	68.003.970
Furniture and fixtures	31.147.908	4.291.978	(186.705)	-	-	35.253.181
Motor vehicles	2.041.554	131.459	(15.383)	-	-	2.157.630
Construction in progress	193.165	755.968	-	(657.656)	-	291.477
	198.739.900	**23.223.450**	**(961.045)**	**-**	**5.955.284**	**226.957.589**
Accumulated depreciation:						
Buildings and land improvements	(1.373.270)	(1.480.467)	-	-	2.071.839	(781.898)
Machinery and equipment	(4.379.916)	(5.197.718)	215.155	-	-	(9.362.479)
Furniture and fixtures	(23.740.450)	(1.785.486)	135.315	-	-	(25.390.621)
Motor vehicles	(1.900.021)	(79.328)	15.384	-	-	(1.963.965)
	(31.393.657)	**(8.542.999)**	**365.854**	**-**	**2.071.839**	**(37.498.963)**
Net book value	**167.346.243**	**14.680.451**	**(595.191)**	**-**	**8.027.123**	**189.458.626**

Main additions to land, buildings, land improvement and machinery and equipment in 2013 are related with the purchases performed from Çamlı Yem and fixtures are related with the fridge purchases.

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

	1 January 2012 Opening	Additions	Disposals	Transfers	31 December 2012 Closing
Cost/revaluation:					
Land	54.816.000	-	-	-	54.816.000
Buildings and land improvements	50.650.000	201.660	-	-	50.851.660
Machinery and equipment	51.896.827	7.711.153	-	81.633	59.689.613
Furniture and fixtures	29.891.640	2.619.864	(1.363.596)	-	31.147.908
Motor vehicles	2.079.101	81.768	(119.315)	-	2.041.554
Construction in progress	165.115	109.683	-	(81.633)	193.165
	189.498.683	**10.724.128**	**(1.482.911)**	**-**	**198.739.900**
Accumulated depreciation:					
Buildings and land improvements	-	(1.373.270)	-	-	(1.373.270)
Machinery and equipment	-	(4.379.916)	-	-	(4.379.916)
Furniture and fixtures	(23.451.009)	(1.526.109)	1.236.668	-	(23.740.450)
Motor vehicles	(1.953.051)	(66.285)	119.315	-	(1.900.021)
	(25.404.060)	**(7.345.580)**	**1.355.983**	**-**	**(31.393.657)**
Net book value	**164.094.623**	**3.378.548**	**(126.928)**	**-**	**167.346.243**

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Main additions to machinery and equipment in 2012 are related with the investments to production line of delicatessen products whereas main additions to furniture and fixtures are related with the fridge purchases.

Leased machinery and equipment, leased furniture and fixtures, leased motor vehicles has been merge with the related fixed asset line item since the leasing obligation of the Company has been matured.

As of 31 December 2013 the Company has no mortgages given for loans obtained from several financial institutions (2012: None).

Current year's depreciation and amortisation charges were allocated to cost of goods sold by TL6.191.088 (2012: TL5.492.597), to the cost of inventories by TL249.376 (2012: TL128.996), to general administrative expenses by TL648.269 (2012: TL587.569) (Note 34), to selling and marketing expenses by TL1.475.936 (2012: TL1.149.857) (Note 34), to research and development expenses by TL60.696 (2012: TL51.412).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipments as of 31 December 2013 and 2012 were as follows:

1 January 2012	**101.311.294**
Depreciation transfer of investments-in-associates-net	(246.282)
Depreciation transfer upon revaluation reserve	(4.413.511)
Deferred income tax calculated on depreciation transfer transferred to retained earnings	713.358
31 December 2012	**97.364.859**
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements	6.962.448
Increase in revaluation reserves of investments-in-associates - net	549.896
Depreciation transfer of investments-in-associates - net	(1.057.891)
Depreciation transfer upon revaluation reserve	(3.608.028)
Deferred income tax calculated on depreciation transfer transferred to retained earnings (Note 41)	721.605
Disposal of revaluation funds due to sales property, plant and equipment sale - net	(414.809)
31 December 2013	**100.518.080**

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 2013 and 2012, are as follows:

31 December 2013:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	17.383.443	30.126.628	116.153.306
Less: Accumulated depreciation	-	(14.353.472)	(83.215.651)
Net book value	**17.383.443**	**15.773.156**	**32.937.655**

31 December 2012:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	11.383.443	26.498.241	107.079.992
Less: Accumulated depreciation	-	(13.925.016)	(80.573.950)
Net book value	**11.383.443**	**12.573.225**	**26.506.042**

NOTE 16 - RIGHTS TO INTERESTS ARISING FROM DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS

None (2012: None).

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NOTE 17 - MEMBERS' SHARES IN CO-OPERATIVE ENTITIES AND SIMILAR INSTRUMENTS

None (2012: None).

NOTE 18 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2013 and 2012 were as follows:

	1 January 2013 Opening	Additions	31 December 2013 Closing
Costs:			
Rights	17.435.698	202.441	17.638.139
Accumulated amortisation	(17.329.982)	(82.366)	(17.412.348)
Net book value	**105.716**	**120.075**	**225.791**

	1 January 2012 Opening	Additions	31 December 2012 Closing
Costs:			
Rights	17.406.293	29.405	17.435.698
Accumulated amortisation	(17.265.131)	(64.851)	(17.329.982)
Net book value	**141.162**	**(35.446)**	**105.716**

NOTE 19 - GOODWILL

None (2012: None).

NOTE 20 - EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

None (2012: None).

NOTE 21 - LEASING

None (2012: None).

NOTE 22 - SERVICE CONCESSION AGREEMENTS

None (2012: None).

NOTE 23 - IMPAIRMENT ON ASSETS

None (2012: None).

NOTE 24 - GOVERNMENT GRANTS AND INCENTIVES

In the scope of Turquality Project implemented in 2013 and 2012 by Undersecreteriat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL231.951 (2012: TL86.865) government incentive. The incentive amount is accounted as other income.

The Company has various investment incentive certificates obtained in different dates and the Company utilises these investment incentive certificates according to current legislation (Note 41).

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NOTE 25 - BORROWINGS AND BORROWING COSTS

	31 December 2013	31 December 2012
Short-term bank borrowings	680.047	124.460
Short-term portion of long-term bank borrowings	-	11.944.129
Derivative financial assets	-	(1.845.185)
Short-term financial liabilities ve derivative financial assets	**680.047**	**10.223.404**

a) Bank borrowings and other financial liabilities:

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Short-term bank borrowings:						
TL borrowings (*)	-	-	680.047	124.460	680.047	124.460
					680.047	**124.460**
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings (**)	-	6,05	-	5.078.934	-	11.944.129
Total short-term bank borrowings					**680.047**	**12.068.589**
Derivative financial assets:						
Cross currency swaps	-	-	-	(1.845.185)	-	(1.845.185)
Total short-term bank borrowings and derivative financial assets					**680.047**	**10.223.404**

(*) As of 31 December 2013 and 2012, TL borrowings are spot loans and does not subject to interest charge.

(**) As of 31 December 2013, there is not any EUR denominated long term bank borrowings (2012: at three months floating interest rates of Euribor +3.75% p.a.).

Based on the loan agreement undersigned on 27 September 2006 between the Company and Morgan Stanley Bank International Limited, the Company received a borrowing EUR5.000.000 with a maturity date of 27 September 2013 and with an interest rate of Euribor +5,60% p.a. Yaşar Holding A.Ş., Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Süt Mamulleri Sanayii A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret have undersigned this loan agreement as the guarantors of this borrowing obtained. With respect to a long term borrowing of EUR5.000.000, the Company signed a cross currency swap agreement with Morgan Stanley & Co. International Limited together with the undersigned International Limited and International Swaps and Derivatives Association ("ISDA") master agreements, related appendices and corresponding swap confirmation documents. In line with this agreement, the Company swapped the borrowing amounting to EUR5.000.000 with the interest rate of Euribor + 5,60% p.a. with a currency swap amounting to TL9.745.000, using the interest rate of TL swap curve + 8,50% p.a. The gain or loss relating to the cross currency swaps is recognized in the statements of comprehensive income in finance income and finance expenses. Regarding swap transactions were closed at 27 September 2013.

Guarantees given related with the bank borrowings and financial liabilities are stated in Note 26.

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The carrying amounts of the bank borrowings including derivative financial instruments, with floating and fixed rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Up to 3 months	Total
- 31 December 2013:		
Bank borrowings with fixed rates	-	680.047
Total	**-**	**680.047**
- 31 December 2012:		
Bank borrowings with floating rates	10.098.944	10.098.944
Bank borrowings with fixed rates	-	124.460
Total	**10.098.944**	**10.223.404**

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

	Carrying Amounts		Fair Values	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bank borrowings other financial liabilities-net	**680.047**	**10.223.404**	**680.047**	**10.247.757**

The fair values of loans are equal to carrying amounts (2012: The fair values are based on cash flows discounted using the rate based on the TL borrowing rate of 14.42% p.a.).

NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
a) Short-term provisions:		
Provision for litigations	60.200	60.200
Other	20	-
	60.220	**60.200**

b) Guarantees given:		
Bails	664.086.110	654.834.000
Letters of guarantee	1.389.067	1.344.559
	665.475.177	**656.178.559**

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 Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamulleri Sanayii A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR44.444.444 and USD250.000.000, equivalent of TL664.086.110 (2012: EUR70.000.000 and USD275.000.000, equivalent of TL654.834.000).

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The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2013 and 2012 were as follows:

	31 December 2013			31 December 2012		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
CPM provided by the Company:						
A. Total amount of CPM given for the Company's own legal personality	TL	1.389.067	1.389.067	TL	1.344.559	1.344.559
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			**664.086.110**			**654.834.000**
i. Total amount of CPM given to on behalf of the majority shareholder			**533.575.000**			**445.650.000**
	US Dollar	*250.000.000*	*533.575.000*	*US Dollar*	*250.000.000*	*445.650.000*
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C			**130.511.110**			**209.184.000**
	US Dollar	-	-	*US Dollar*	25.000.000	44.565.000
	Euro	*44.444.444*	*130.511.110*	*Euro*	70.000.000	164.619.000
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-		-	-	
TOTAL			**665.475.177**			**656.178.559**
The ratio of total amount of other CPM to Equity			199%			207%

	31 December 2013			31 December 2012		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
d) Guarantees received:						
Bails	-	-	-	EUR	5.000.000	11.758.500
Mortgages	TL	200.000	200.000	TL	200.000	200.000
Letters of guarantee	TL	2.660.000	2.660.000	TL	923.000	923.000
	EUR	41.750	122.599			
Guarantee notes	USD	56.000	119.521	USD	59.000	105.173
	TL	10.000	10.000	TL	5.000	5.000
			3.112.120			**12.991.673**

The Company does not have any guarantees received from related parties as of 31 December 2013 (2012: Guarantees received from related parties are related with joint guarantees provided to the Company by Yaşar Holding, Çamlı Yem, Dyo Boya, Viking, Pınar Su, Pınar Süt and YBP for repayment of borrowings obtained by the Company from international capital markets amounting to EUR5.000.000 equivalent of TL11.758.500).

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e) Contingent liabilities

Based on negotiations with Kemalpaşa Municipality Housing Department regarding the 1/1000 scaled building development scheme dated 27 February 2008, it has been identified that the plots in Kemalpaşa - İzmir, the site of the Company's land, buildings and land improvements, are located within an industrial zone. As of 31 December 2013, the fair value of the aforementioned properties located on the plots amounts to TL95.583.095. This plan was announced by the Industry and Trade Office of İzmir within July 2008. If the building development scheme comes into force, Kemalpaşa Municipality may reduce the legal area on the title deeds of those properties. In consideration of time consuming process, it is not possible to make a reliable estimation therefore the amount of any possible reduction over those plots cannot be reliably estimated. The Company management assumes that the impact of such reduction will be immaterial to the financial statements.

NOTE 27 - COMMITMENTS

The Company does not have any purchase commitments as of 31 December 2013 (2012: The Company has purchase commitments amounting to TL418.097, equivalent of EUR177.785 relating to 395.569 m^2 of packaging material).

NOTE 28 - EMPLOYEE BENEFITS

	31 December 2013	31 December 2012
a) Payable due to employee benefits		
Social security premiums payable	730.576	557.446
Payables to personnel	1.265	6.143
	731.841	**563.589**

b) Short-term provisions due to employee benefits

Bonus provisions to top management	919.628	1.148.549
Provision for seniority incentive bonus	145.174	134.784
	1.064.802	**1.283.333**

The movement of bonus provision to top management is as follows:

	2013	2012
1 January	**1.148.549**	**864.241**
Bonus payment	(228.921)	(215.692)
Provision for top management bonus (Note 34.b)	-	500.000
31 December	**919.628**	**1.148.549**

c) Long-term provisions due to employee benefits

Provision for employment termination benefits	11.311.962	9.892.871
Provision for seniority incentive bonus	347.567	223.934
	11.659.529	**10.116.805**

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 TL3.254,44 for each year of service as of 31 December 2013 (2012: TL3.033,98). 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.

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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 TL3.438,22 which is effective from 1 January 2014 (1 January 2013: TL3.129,25) 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 2013	31 December 2012
Discount rate (%)	4,09	3,50
Probability of retirement (%)	97,61	98,69

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

	2013	2012
1 January	**9.892.871**	**6.877.385**
Interest costs	863.985	240.708
Actuarial losses	318.358	2.663.175
Paid during the year	(702.913)	(1.136.829)
Annual charge	939.661	1.248.432
31 December	**11.311.962**	**9.892.871**

The total of interest costs, actuarial losses and annual charge for the year is TL2.122.004 (2012: TL4.152.315). TL1.803.646 portion (2012: TL1.489.140) of this amount was included in general administrative expenses and TL318.358 portion was included in other comprehensive income.

NOTE 29 - EXPENSES BY NATURE

	1 January - 31 December 2013	1 January - 31 December 2012
Direct material costs	341.701.929	296.906.638
Staff costs	32.312.982	31.161.938
Advertisement	15.457.615	12.314.511
Outsourced services	11.556.360	8.201.564
Utilities	9.989.268	9.665.438
Depreciation and amortisation	8.581.498	7.398.076
Repair and maintenance	7.583.230	7.353.526
Consultancy charges	6.513.910	6.133.634
Employment termination benefits	1.803.646	1.489.140
Rent	1.775.898	1.616.352
Taxes, dues and fees	419.059	254.685
Other	3.767.590	1.104.088
	441.462.985	**383.599.510**

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NOTE 30 - OTHER ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
a) Other current assets:		
Deferred Value Added Tax	2.158.343	-
Income accrual	362.813	151.858
Other	-	56
	2.521.156	**151.914**
b) Other current liabilities:		
Expense accrual	479.396	14.504
Other	-	16.150
	479.396	**30.654**

NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1. The Company's historical authorised registered capital at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Registered share capital (historical values)	100.000.000	100.000.000
Authorised registered share capital with a nominal value	43.335.000	43.335.000

The compositions of the Company's share capital at 31 December 2013 and 2012 were as follows:

	31 December 2013		31 December 2012	
	Share (%)	TL	Share (%)	TL
Yaşar Holding (A, B)	54	23.476.893	54	23.476.893
Pınar Süt (A, B)	13	5.451.752	13	5.451.752
Public quotation (A, B)	33	14.406.355	33	14.406.355
Share capital		**43.335.000**		**43.335.000**
Adjustment to share capital		37.059.553		37.059.553
Total paid-in capital		**80.394.553**		**80.394.553**

Adjustment to share capital amounting to TL37.059.553 (2012: TL37.059.553) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

The companies registered in Turkey can exceed authorized registered share capital by way of increasing bonus shares from capital reserves, except for by cash, at once. However, capital increase by cash shall not exceed authorized registered share capital.

There are 4.333.500.000 (2012: 4.333.500.000) units of shares with a face value of Kr1 each (2012: Kr1 each).

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The Company's capital is composed of 1.500.000 units of A type bearer share and 4.332.000.000 units of B type bearer share, and the B type bearer shares are traded on ISE. Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from among the Company's shareholders or from outside the Company personnel in accordance with the provisions of the TCC. In the event the Board of Directors comprises five members, three are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises seven members, four are elected from among candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, four from those nominated by shareholders bearing B type shares. In addition, the chairman of the board and the executive director are selected from among shareholders of A type shares.

Board of Directors has authority to classify new shares as registered or bearer separately in accordance with the CMB regulations. Companies can increase their share capital by way of bonus issue to existing shareholders in proportion of their shareholding rates.

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

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. Companies are required to set aside 5% of their net profits each year as a first level legal reserve. The ceiling on the first level legal reserves is 20% of the paid-up capital. The reserve requirement ends when the 20% of paid-up capital level has been reached. The second level reserves correspond to 10% of profits actually distributed after the deduction of the first level legal reserves plus minimum obligatory dividend pay-out (5% of the paid-up capital). According to Turkish Commercial, legal reserves unless they exceed 50% of the paid capital can be used to offset losses: Otherwise it is not possible to use other than that.

The aforementioned amounts accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At 31 December 2012, the restricted reserves of the Company amount to TL25.055.110 (2012: TL22.448.345). The unrestricted reserves of the Company, amounting to TL45.741.849 (2012: TL41.181.934), is classified in the "Retained Earnings".

In accordance with the announcements of CMB "Share Capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (e.g. the differences raises from inflation adjustments) shall be classified as follows:

- the difference arising from the "Paid-in-Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on the CMB Financial Reporting Standards.

Capital adjustments differences have no other use other than being transferred to share capital.

Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1settled by CMB on 1 February 2014.

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

Unless allocation of legal reserves per TCC and dividends defined in the dividend policy of companies, it cannot be decided to allocate other reserves, to transfer the profit to the retained earnings, and to distribute dividend to members of board of directors, employees, redeemed shareholders and parties other than shareholders. Furthermore, payment of dividend in cash is another requirement for distributing dividend to members of board of directors, employees, redeemed shareholders and parties other than shareholders.

Dividend is distributed for shares available as of accounting period of all of them equally without regarding to the dates of issue and acquisition.

Based on the decision of General Assembly meeting on 14 May 2013, the Company has decided to distribute net income for the year 2012 amounting TL27.734.400 as dividend. As of 31 December 2013 all the dividends were paid. In context of this dividend distribution, Company separate TL2.606.765 from 2012 profit as "Restricted Reserve". Since the General Assembly meeting of the year 2013 has not been performed yet, dividend distribution decision has not been taken.

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NOTE 32 - REVENUE AND COST OF SALES

	1 January - 31 December 2013	1 January - 31 December 2012
Domestic sales	582.960.361	508.235.870
Export sales	10.017.524	7.774.082
Gross Sales	**592.977.885**	**516.009.952**
Less: Discounts	(100.971.049)	(86.647.418)
Returns	(12.712.644)	(12.919.053)
Net Sales	**479.294.192**	**416.443.481**
Cost of sales	**(396.232.302)**	**(344.089.735)**
Gross Profit	**83.061.890**	**72.353.746**

NOTE 33 - CONSTRUCTION CONTRACTS

None (2012: None).

NOTE 34 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
a) Marketing, selling and distribution expenses:		
Advertisement	15.457.615	12.314.511
Staff costs	3.459.902	2.890.715
Consultancy charges	2.395.693	-
Depreciation and amortisation	1.475.936	1.149.857
Repair and maintenance	1.108.359	953.742
Outsourced services	1.073.467	1.020.044
Utilities	983.176	1.013.556
Rent	632.261	415.420
Transportation	447.890	480.985
Other	1.028.714	1.010.735
	28.063.013	**21.249.565**

	1 January - 31 December 2013	1 January - 31 December 2012
b) General administrative expenses:		
Staff costs	6.294.664	5.472.765
Consultancy charges	4.118.217	6.133.634
Employment termination benefits	1.803.646	1.489.140
Outsourced services	961.308	765.079
Depreciation and amortisation	648.269	587.569
Taxes (Corporate Tax excluded)	419.059	196.448
Repair and maintenance	303.943	319.396
Utilities	288.960	295.844
Management bonus	-	500.000
Other	1.218.854	1.439.042
	16.056.920	**17.198.917**

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NOTE 35 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
a) Other operating income:		
Income from sales of scrap	498.890	453.213
Rent income	447.378	428.852
Government grants	257.555	124.557
Pallet sales	221.445	16.449
Foreign exchange gain	188.818	21.779
Other	192.819	32.752
	1.806.905	**1.077.602**
b) Other operating expense:		
Donations	(671.437)	(173.075)
Due date charges	(186.969)	(160.506)
Penalties	(150.948)	(285.052)
Foreign exchange loss	(15.280)	(23.477)
Other	(286.845)	(328.632)
	(1.311.479)	**(970.742)**

NOTE 36 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2013	1 January - 31 December 2012
a) Income from investment activities:		
Interest income calculated on other receivables from related parties	2.960.952	6.266.539
Income from sales of property, plant and equipment	6.126	52.053
Foreign exchange gain from other receivables from related parties	-	311.895
	2.967.078	**6.630.487**
b) Expense from investment activities:		
Loss from sales of property, plant and equipment	(577.654)	-
Impairment on available-for-sale investments	(85.574)	-
	(663.228)	**-**

NOTE 37 - EXPENSES CLASSIFIED BY CLASS

Please refer to Note 29.

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NOTE 38 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
i. Financial Income		
Bail income from related parties (Note 7)	1.023.663	1.147.876
Interest income	817.003	505.512
Interest income on term purchase	686.815	694.157
Foreign exchange gain	94.131	2.013.929
	2.621.612	**4.361.474**

	1 January - 31 December 2013	1 January - 31 December 2012
ii. Financial Expense		
Interest expense on borrowings	(999.640)	(2.268.864)
Interest expense on term sales	(739.965)	(570.565)
Foreign exchange loss	(81.482)	(3.198.039)
Bail expense from related parties (Note 7)	(63.568)	(195.190)
Other	(17.567)	(96.404)
	(1.902.222)	**(6.329.062)**

NOTE 39 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

The analysis of other comprehensive income of the Company at 31 December 2013 and 2012 is as follows:

Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss	**7.020.985**	**(2.130.540)**
Increase in Revaluation Reserve of Investments-in-Associates	549.896	-
Increase in Revaluation Reserve	8.027.123	-
Actuarial Loss Arising From Defined Benefit Plans Investments-in-Associates	(236.673)	-
Actuarial Loss Arising From Defined Benefit Plans	(318.358)	(2.663.175)
Taxes for other comprehensive income/expense not to be reclassified to profit or loss		
- Deferred tax (liabilities)/assets	(1.001.003)	532.635
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss	**(692.242)**	**2.126.771**
Foreign currency translation differences	962.659	(137.870)
Increase in Fair Value Reserves of Available-for-Sale Investments	7.374	19.507
Increase in Fair Value Reserves of Investments-in-Associates	(1.822.391)	2.316.719
Cash Flow Hedge on Fair Value Reserves of Investments in Associates	161.591	(67.684)
Taxes for other comprehensive income/expense to be reclassified to profit or loss		
- Deferred tax (liabilities)	(1.475)	(3.901)
OTHER COMPREHENSIVE INCOME	**6.328.743**	**(3.769)**

NOTE 40 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2012: None).

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NOTE 41 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

As of 31 December 2013 and 2012, corporation taxes currently payable are as follows:

	31 December 2013	31 December 2012
Corporation taxes currently payable	8.549.858	7.833.110
Less: Prepaid corporate tax	(7.325.125)	(6.375.994)
Current income tax liabilities	**1.224.733**	**1.457.116**

Corporation tax is payable at a rate of 20% for 2013. (2012: 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 (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

Dividends paid ton on-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to witholding tax. Otherwise, dividends paid are subject to witholding tax at the rate of 15% (2012: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur witholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2012: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2011: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offseting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filling, during when the tax authorities have the right to examine 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 future taxable income for 5 years.

In Corporate Tax Law, there are many exemptions for corporations, those related to the Company are explained below:

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

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 75% portion of the gains derived from the sales 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 considerations has to be collected up until the end of the second calendar year following the year the sale was realised.

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

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

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 8th article of Corporate Tax Law, and 40th article of the Income Tax Law, together with other deductions mentioned in 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.

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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 in a disguised manner through transfer pricing completely or partially, will be assessed as 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.

Taxation on income in the statement of comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	1 January - 31 December 2013	**1 January - 31 December 2012**
Current corporation tax expense	(8.549.858)	(7.833.110)
Deferred tax income	1.239.178	1.779.761
Taxation on income	**(7.310.680)**	**(6.053.349)**

The reconciliation of tax expense is as follows:

Profit before tax	**45.566.089**	**38.725.275**
Tax calculated at tax rates applicable to the profit	(9.113.218)	(7.745.055)
Expenses not deductible for tax purpose	(190.278)	(168.587)
Income not subject to tax	25.889	188.170
Tax effect upon the results of investments-in-associates	843.243	222.309
Recognition of deferred income tax asset on investment incentive	523.089	1.126.515
Other	600.595	323.299
Total taxation on income	**(7.310.680)**	**(6.053.349)**

Deferred income taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose 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% (2012: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2013 and 2012 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		**Deferred income tax assets/(liabilities)**	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Revaluation of property, plant and equipment	111.999.517	108.098.933	(15.319.840)	(15.080.472)
Restatement differences on tangible and intangible assets	7.484.930	4.410.404	(1.059.958)	(897.303)
Provision for employment termination benefits	(11.311.962)	(9.892.871)	2.262.392	1.978.574
Difference between carrying value and tax bases of available-for-sale investments	(1.829.550)	(1.836.925)	365.909	367.384
Investment incentives (*)	(8.248.020)	(5.632.575)	1.649.604	1.126.515
Other	(37.771)	(871.320)	7.555	174.264
Deferred income tax assets			4.285.460	3.646.737
Deferred income tax liabilities			(16.379.798)	(15.977.775)
Deferred income tax liabilities- net			**(12.094.338)**	**(12.331.038)**

(*) The Company has investment incentive certificate relating with production line investment. As of 31 December 2013, based on the best estimate of the Company management, it is highly probable to utilize investment incentive amounted to TL1.649.604 (2012: TL1.126.515).

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Movements in deferred income tax liabilities can be analysed as follows:

1 January 2012	**(14.639.533)**
Credited to statement of comprehensive income	1.779.761
Charged to actuarial gain/loss arising from defined benefit plans	532.635
Charged to fair value reserve of available-for-sale investments	(3.901)
31 December 2012	**(12.331.038)**
Credited to statement of comprehensive income	1.239.178
Charged to actuarial gain/loss arising from defined benefit plans	63.672
Charged to fair value reserve of available-for-sale investments	(1.475)
Calculated on revaluation fund	(1.064.675)
31 December 2013	**(12.094.338)**

NOTE 42 - EARNINGS PER SHARE

		1 January - 31 December 2013	**1 January- 31 December 2012**
Profit for the period	A	38.255.409	32.671.926
Weighted average number of shares (Note 31)	B	4.333.500.000	4.333.500.000
- Basic earnings per 100 shares with a Kr1	**A/B**	**0,8828**	**0,7539**

There are no differences between basic and diluted earnings per share. As of 31 December 2013, Board of Directors, do not accounted any dividend.

NOTE 43 - SHARE-BASED PAYMENT

None (2012: None).

NOTE 44 - INSURANCE CONTRACTS

None (2012: None).

NOTE 45 - EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES

The foreign currency exposure of the Company is presented in Note 49.c.i.

NOTE 46 - REPORTING IN HYPERINFLATIONARY ECONOMIES

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

NOTE 47 - DERIVATIVE FINANCIAL INSTRUMENTS

None (2012: TL1.845.185)

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NOTE 48 - FINANCIAL INSTRUMENTS

a) Available-for-sale investments:

	31 December 2013		31 December 2012	
	TL	%	TL	%
YDT	534.440	1,76	620.014	1,76
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	74.505	1,33	67.131	1,33
	608.945		**687.145**	

YDT and Bintur were stated at their fair values which were determined based on one of the generally accepted valuation methods, based on discounted cash flows.

As of 31 December 2013 and 2012, the discount and growth rates used in discounted cash flow models are as follows;

	Discount rate		Growth rate	
	2013	2012	2013	2012
Bintur	12,62%	9,60%	1%	1%
YDT	9,83%	7,58%	0%	0%

Movements of available-for-sale investments in 2013 and 2012 are as follows;

	2013	2012
1 January	**687.145**	**403.371**
Fair value change - YDT	(85.574)	9.469
Fair value change - Bintur	7.374	10.038
Contribution to the capital increase of YDT	-	264.267
31 December	**608.945**	**687.145**

Movements of fair value reserve of available-for-sale investments in 2013 and 2012 are as follows:

	2013	2012
1 January	**45.992**	**30.386**
Change in fair value - net	7.374	19.507
Deferred income tax effect on fair value reserve of available-for-sale investments (Note 41)	(1.475)	(3.901)
31 December	**51.891**	**45.992**

NOTE 49 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

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

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

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognised. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders. The credit risk analysis of the Company as of 31 December 2013 and 2012 are as follows:

	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2013	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Other**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**50.195.301**	**16.563.740**	**21.147.953**	**51.231**	**13.696.920**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired [3]	49.659.167	16.307.294	21.147.953	51.231	13.696.920	-
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]	536.134	256.446	-	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired						
- Past due amount (gross book value)	-	303.499	-	-	-	-
- Impairment amount (-)	-	(303.499)	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

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	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2012	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Other**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**42.722.045**	**17.993.683**	**42.179.547**	**45.877**	**443.368**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired [3]	42.288.047	15.903.694	42.179.547	45.877	443.368	-
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]	433.998	2.089.989	-	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired						
- Past due amount (gross book value)	-	303.499	-	-	-	-
- Impairment amount (-)	-	(303.499)	-	-	-	-
- Collateral held as security and guarantees received						
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received						
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

[1] Trade receivables of the Company mainly consists of receivables resulting from sales of meat and meat products.
[2] Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.
[3] None.
[4] Agings of financial instruments past due but not impaired are as below:

31 December 2013	Receivables		
	Related Parties	**Third Parties**	**Total**
1-30 days overdue	533.822	256.446	790.268
1-3 months overdue	-	-	-
3-6 months overdue	-	-	-
Over 6 months overdue	2.312	-	2.312
The part of credit risk covered with guarantees	-	-	-
	536.134	**256.446**	**792.580(*)**

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31 December 2012	Receivables		
	Related Parties	Third Parties	Total
1-30 days overdue	296.488	2.024.066	2.320.554
1-3 months overdue	137.510	65.923	203.433
3-6 months overdue	-	-	-
Over 6 months overdue	-	-	-
The part of credit risk covered with guarantees	-	-	-
	433.998	**2.089.989**	**2.523.987**

(*) The overdue but not impaired receivables from related parties has been collected as of the approval date of the financial statements.

b) Liquidity risk:

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

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the timely collection of trade receivables, take actions to minimise the effect of delay in collections and arranges cash and non-cash credit lines from financial institutions in case of requirement.

	31 December 2013				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates:					
Non-Derivative financial liabilities:					
Bank borrowings	680.047	680.047	680.047	-	-
Trade payables	79.041.772	80.411.663	79.400.421	1.011.242	-
Other payables	1.095.848	1.095.848	1.095.848	-	-
	80.817.667	**82.187.558**	**81.176.316**	**1.011.242**	**-**

	31 December 2012				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates:					
Non-Derivative financial liabilities:					
Bank borrowings	12.068.589	12.586.283	466.301	12.119.982	-
Trade payables	56.536.682	56.553.519	56.275.315	278.204	-
Other payables	1.782.041	1.782.041	1.782.041	-	-
	70.387.312	**70.921.843**	**58.523.657**	**12.398.186**	**-**
Derivative financial instruments					
Financial (assets)/liabilities (Note 47)	(1.845.185)	(1.433.465)	171.713	(1.605.178)	-

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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. The Company minimizes the risk through balancing 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 the Board of Directors regularly and the foreign exchange rates relevant to the foreign currency position of the Company are mentioned. When necessary derivative financial instruments (swap contracts) are used as a tool to hedge foreign exchange risk.

	31 December 2013			
	TL Equivalent	**USD**	**EUR**	**Other (TL Equivalent)**
1. Trade Receivables	968.246	453.660	-	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	18.218	3.273	3.825	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	1.482.390	7.327	497.101	7.016
4. Current Assets (1+2+3)	**2.468.854**	**464.260**	**500.926**	**7.016**
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)	**2.468.854**	**464.260**	**500.926**	**7.016**
10. Trade Payables		1.577.169	42.293	503.963
11. Financial Liabilities	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short- Term Liabilities (10+11+12)	**1.577.169**	**42.293**	**503.963**	**7.016**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**1.577.169**	**42.293**	**503.963**	**7.016**
19. Net Asset/Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Amount of Hedged Asset	**-**	**-**	**-**	**-**
19b. Amount of Hedge Liability	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset (Liability) Position (9-18+19)	**891.685**	**421.967**	**(3.037)**	**-**
21. Net Foreign Currency Asset (Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(590.705)**	**414.640**	**(500.138)**	**(7.016)**
22.Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**
23. Amount of Foreign Currency Denominated Assets Hedged	**-**	**-**	**-**	**-**
24. Amount of Foreign Currency Denominated Liabilities Hedged	**-**	**-**	**-**	**-**
25. Export	**10.017.524**	**5.229.678**	**-**	**-**
26. Import	**13.289.311**	**6.971.902**	**-**	**-**

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Foreign Currency Position

31 December 2012			
TL Equivalent	**USD**	**EUR**	**Other (TL Equivalent)**
806.577	452.472	-	-
14.266	2.324	4.305	-
-	-	-	
203.945	-	86.722	-
1.024.788	**454.796**	**91.027**	**-**
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	**-**	**-**	**-**
1.024.788	**454.796**	**91.027**	**-**
7.016	1.343.629	125.713	476.053
11.944.129	-	5.078.934	-
-	-	-	
-	-	-	-
13.287.758	**125.713**	**5.554.987**	**-**
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	**-**	**-**	**-**
13.287.758	**125.713**	**5.554.987**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
(12.262.970)	**329.083**	**(5.463.960)**	**-**
(12.466.915)	**329.083**	**(5.550.682)**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
11.944.129	**-**	**5.078.934**	**-**
7.774.082	**4.347.560**	**-**	**-**
16.806.949	**9.378.321**	**-**	**-**

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	Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2013	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 - net	90.060	(90.060)	90.060	(90.060)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**90.060**	**(90.060)**	**90.060**	**(90.060)**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(892)	892	(892)	892
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(892)**	**892**	**(892)**	**892**
Change of other currencies by average 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**89.168**	**(89.168)**	**89.168**	**(89.168)**

31 December 2012	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 - net	58.662	(58.662)	58.662	(58.662)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**58.662**	**(58.662)**	**58.662**	**(58.662)**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(1.284.959)	1.284.959	(1.284.959)	1.284.959
5- The part hedged for EUR risk (-)	1.194.412	(1.194.412)	1.194.412	(1.194.412)
6- EUR Effect - net (4+5)	**(90.547)**	**90.547**	**(90.547)**	**90.547**
Change of other currencies by average 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**(31.885)**	**31.885**	**(31.885)**	**31.885**

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ii) Interest rate risk

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

	Interest Rate Position	
	31 December 2013	**31 December 2012**
Financial instruments with fixed interest rate		
Financial assets	101.553.225	103.235.275
Financial liabilities	79.773.971	56.809.862
Financial instruments with floating interest rate		
Financial liabilities	-	10.098.944

According to the interest rate sensitivity analysis performed as at 31 December 2012, if interest rates had been 1% higher while all other variables being constant, net income for the year would be TL25.445 lower as a result of additional interest expense that would be incurred on financial instruments with floating rates.

iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of unprocessed meat and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of unprocessed meat and other stocks and raw materials. The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

d) Capital Risk Management:

The Company's objectives when managing capital are 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 payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents.

	31 December 2013	**31 December 2012**
Financial liabilities	680.047	12.068.589
Derivative financial assets	-	(1.845.185)
Other payables to related parties	52.152	148.720
Less: Cash and cash equivalents	(13.776.369)	(480.596)
Net debt	**(13.044.170)**	**9.891.528**
Total equity	**333.024.137**	**316.174.385**
Net debt/equity ratio	**(4%)**	**3%**

The Company's strategy is to gradually decrease the level of debt/equity ratio and indebtedness consistent with its conservative financial profile. The Company management regularly monitors debt/equity ratio and try to lower this ratio. The Company management regularly monitors the debt/equity ratio. The Company management regularly monitors the debt/equity ratio.

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NOTE 50 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Classification of financial assets

The Company's financial assets and liabilities classified as available-for-sale investments and loans and receivables. Cash and cash equivalents (Note 6), trade receivables (Notes 8) and other receivables (Notes 10) of the Company are classified as loans and receivables and measured at amortised cost using effective interest method. Available-for-sale investments are disclosed in Note 4. The Company's financial liabilities are classified as financial liabilities (Note 25), other financial liabilities and trade payables (Note 8) and other payables (Notes 30).

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, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at costs, including cash and due from banks, receivables and other financial assets are considered to approximate their respective carrying values due to their short-term nature. Available-for-sale investments are carried at their fair values. The fair values of available-for-sale investments which do not have quoted market prices in active markets, are determined by using general accepted valuation techniques or stated at cost, less a provision for impairment, if any, by assuming the carrying values do not differ materially from their fair values.

Financial liabilities

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

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

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

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The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2013 and 2012.

31 December 2013

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	608.945	608.945
Derivative financial instruments-designated as hedges	-	-	-	-
Total assets	**-**	**-**	**608.945**	**608.945**

31 December 2012

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	687.145	687.145
Derivative financial instruments- designated as hedges	-	1.845.185	-	1.845.185
Total assets	**-**	**1.845.185**	**687.145**	**2.532.330**

(*) Please see Note 48 for the movement of Level 3 financial instruments.

NOTE 51 - SUBSEQUENT EVENTS

The USD and EUR exchange rates set by Central Bank of Turkey (CBT) on 28 February 2014 at 15.30 are 2,2129 and 3,0477, respectively. The USD and EUR exchange rates as of 31 December 2013 were 2,1343 and 2,9365, respectively.

NOTE 52 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (2012: None).

Information for Investors

Stock Exchange

Pınar Entegre Et ve Un Sanayii A.Ş. shares are traded on the National Market of the Borsa Istanbul (BIST) under the symbol "PETUN".

Initial public offering date: 03 February 1986

Annual General Assembly Meeting

Pursuant to a resolution passed by the Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş., the Company's annual General Assembly meeting will take place on 26 March 2014 at 14:30 hours at the following address: Kemalpaşa Asfaltı No. 317 Pınarbaşı/İzmir.

Dividend Policy

Pınar Entegre Et ve Un Sanayii A.Ş.'s general policy concerning the distribution of its profits has been publicly disclosed and is accessible in the Turkish and English languages from the "Investor Relations" page of the Company's corporate website located at www.pinar.com.tr.

Investor Relations

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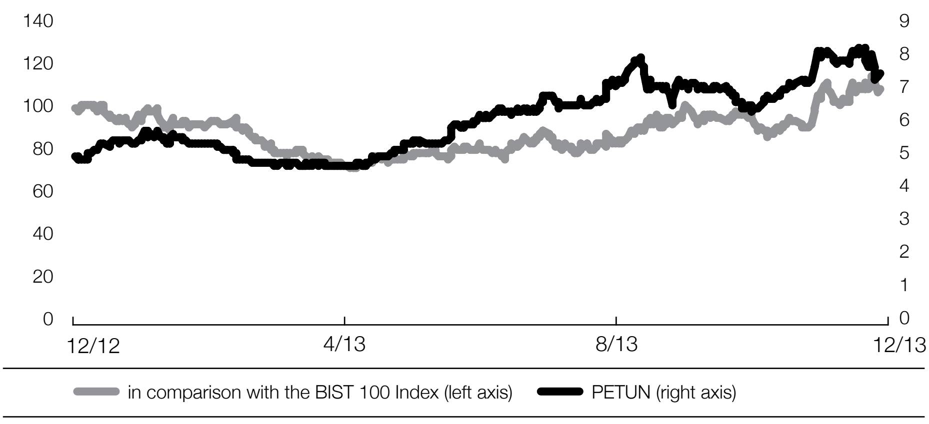
Pınar Et investor relations web page:

Pınar Et Share Performance in 2013 (in comparison with the BIST 100 Index)



* Adjusted share prices

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