

**MENDERES TEKSTİL SANAYİ
VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD 01 JANUARY - 31 DECEMBER 2011**

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD 01 JANUARY - 31 DECEMBER 2011

To the Board of Directors of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi;

We have audited the accompanying consolidated balance sheets, comprehensive statements of income, changes in shareholders' equity and cash flows of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (Group) as of 31 December 2011. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue an opinion on these consolidated financial statements based on our audit.

Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards by Capital Markets Board. This responsibility implies choosing appropriate accounting principle, making acceptable accounting estimation according to the term and conceiving, application of and carrying on with internal control to prepare financial statements free of mistakes derived from inconsistency with the established rules of procedure.

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audits. Our independent audit is performed compatible with the independent audit standards published by the Capital Markets Board. These standards require the independent audit to be submissive to ethical principals and performance with planning to verify fair assurance whether the financial statements are reflecting the truth or not.

Our independent audit essentially based on applying analytical audit procedures, in order to collect the related proof and understand the entries and notes in the financial statements. The preference of independent audit standards is based on occupational contentment to evaluate whether financial statements contain risk of significant error derived from mistakes including deception and inconsistency or not. In this risk evaluation, the internal control was taken into account. However, our purpose is not to provide an opinion about internal control efficiency, is to display the inter correlation between the financial statements prepared by Group management and internal control system with appropriate independent audit standards. Our independent audit embraces the valuation of coherence as a complete; financial statements presentation and significant accounting estimations along with adopted accounting policy by Group management.

We believe that the evidences obtained during the independent audit procedure constitute an adequate base to form our opinion.

Independent audit report of previous fiscal period was prepared by another independent auditor and was provided with qualified opinion. The reason for qualifying the opinion is due to Menderes Bulgaria Ltd, incorporated in Bulgaria being in liquidation process. So, there was no independent auditor report prepared and un-audited financial statements of the company are consolidated as of 31 December 2011 and 2010. Deferred cumulated profits in the audited financial statements as of 31.12.2005 is different from the un-audited financial statements and related difference is reflected in the statements of changes in equity. The liquidation process of Menderes Bulgaria Ltd is still ongoing process and there are no audited financial statements for the interim fiscal period.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Markets Board.

Without qualifying our opinion, we draw your attention to the following matters:

Group has performed the following in accordance with resolution dated 02.03.2012 and numbered 2012/9 and declared through bulletin to public;

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Aktur) was consolidated with equity pick-up method since 30.09.2008 and in the financial statements as of 31.12.2011 and comparative financial statements as of 31.12.2010. In the following fiscal periods, intangible fixed assets are revalued with period end exchange rate based on subcontractor agreement. Hence the method was altered. According to article 74, IAS 38, book entry methods were applied with cost model basis. Within this framework, the financial statements as of 31.12.2010 have been reformulated according to the new related changes. Effects of this change is reflected TRY (14,906,012) in year 2010 and TRY (7,448,371) in net period profit as of 31.12.2010.

Izmir, 14 March 2012

HLB SAYGIN YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
(A member of HLB International)

Servet Eyüpgiller
Managing Partner

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Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi**CONSOLIDATED BALANCE SHEETS****As of 31 December 2011**

(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

		Audited	Audited
	Footnote	31.12.2011	31.12.2010
	References		
ASSETS			
Current Assets		262,305,436	176,366,849
Cash and Cash Equivalents	6	23,347,521	11,866,954
Financial Investments	7	0	0
Trade Receivables	10	50,509,582	26,243,591
Receivables Due From Finance Sector Activities	12	0	0
Other Receivables	11	62,235,065	69,010,523
Inventories	13	106,627,727	56,234,204
Biological Assets	14	2,183,274	1,802,487
Other Current Assets	26	17,402,267	11,209,090
(Subtotal)		262,305,436	176,366,849
Assets Held for Sale	34	0	0
Non-Current Assets		182,524,214	187,872,861
Trade Receivables	10	0	0
Receivables Due From Finance Sector Activities	12	0	0
Other Receivables	11	17,121	9,448
Financial Investments	7	0	0
Investments Valued With Equity Method	16	96,721,038	93,703,522
Biological Assets	14	0	0
Investment Properties	17	0	0
Tangible Assets	18	79,646,696	89,048,513
Intangible Assets	19	235,121	209,832
Goodwill	20	0	0
Deferred Tax Assets	35	5,747,194	4,738,135
Non-current Assets	26	157,044	163,411
TOTAL ASSETS		444,829,650	364,239,710

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi**CONSOLIDATED BALANCE SHEETS****As of 31 December 2011**

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 31.12.2011	Audited 31.12.2010
Current Liabilities		155,836,057	128,345,979
Financial Borrowings	8	84,526,623	66,751,246
Other Financial Liabilities	9	0	0
Trade Payables	10	29,768,021	40,414,250
Other Payables	11	28,217,827	15,743,621
Payables Due to Finance Sector Activities	12	0	0
Government Grants and Incentives	21	0	0
Corporation Tax Payables	35	12,625,354	5,222,844
Provisions for Liabilities	22	196,380	193,228
Other Current Liabilities	26	501,852	20,790
(Subtotal)		155,836,057	128,345,979
Liabilities Related to Non-current Assets Held for Sale	34	0	0
Non-Current Liabilities		10,179,248	6,300,681
Financial Borrowings	8	4,872,920	1,664,323
Other Financial Liabilities	9	0	0
Trade Payables	10	60,240	212,492
Other Payables	11	0	0
Payables Due To Finance Sector Activities	12	0	0
Governments Grants and Incentives	21	0	0
Provisions for Liabilities	22	0	0
Severance Pay Provision	24	5,038,368	4,087,007
Deferred Tax Liabilities	35	207,720	336,859
Other Non-current Liabilities	26	0	0
SHAREHOLDERS' EQUITY		278,814,345	229,593,050
Shareholders' Equity	27	276,404,399	227,340,262
Paid in Capital Share	27,1	225,000,000	184,000,000
Mutual Adjustment of Share Capital among Subsidiaries (-)		0	0
Share Premium		0	0
Revaluation Reserve		0	0
Inflation Adjustments to Shareholders' Equity	27,2	485,133	485,133
Foreign Currency Conversion Differences		(656,642)	(308,323)
Profit Reserves	27,3	5,788,317	4,831,054
Retained Earnings	27,4	(3,624,865)	27,652,257
Net Income/Loss for the Period		49,412,456	10,680,141
Minority Interest		2,409,946	2,252,788
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		444,829,650	364,239,710

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi

CONSOLIDATED INCOME STATEMENTS

As of 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

		Audited	
	Footnote References	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
OPERATING ACTIVITIES			
Sales	28,1	380,177,701	303,034,200
Cost of Sales (-)	28,2	(292,676,543)	(263,571,822)
Gross Operating Profit (Loss)		87,501,158	39,462,378
Interest, Wages, Premium, Commission and Other Income		0	0
Interest, Wages, Premium, Commission and Other Expense (-)		0	0
Gross Profit (Loss) from Finance Sector Activities		0	0
GROSS OPERATING PROFIT/LOSS		87,501,158	39,462,378
Marketing, Sales and Distribution Expenses (-)	30,1	(5,001,468)	(5,470,360)
General Administrative Expenses (-)	30,2	(5,470,922)	(5,297,170)
Research and Development Expenses (-)		0	0
Other Operating Income	31	1,663,157	1,983,047
Other Operating Expenses (-)	31	(16,301,965)	(13,066,131)
OPERATING PROFIT/LOSS		62,389,960	17,611,764
Shares of Investments Valued with Equity Method	16	3,017,516	1,186,581
(Non-operating) Financial Income	32	48,578,243	27,171,722
(Non-operating) Financial Expenses (-)	33	(52,860,790)	(26,143,393)
INCOME/LOSS BEFORE TAXES		61,124,929	19,826,674
Taxes from Operating Profit/Loss		(11,520,584)	(9,025,716)
- Income/Expense Tax for the period	35	(12,658,782)	(5,222,844)
- Deferred Tax Income/Expense		1,138,198	(3,802,872)
NET OPERATING PROFIT/LOSS		49,604,345	10,800,958
DISCONTINUED OPERATIONS		0	0
Net Income / (Loss) after Tax of Discontinued Operations		0	0
NET INCOME/(LOSS) FOR THE PERIOD		49,604,345	10,800,958
Other comprehensive income / (loss)			
Change in currency conversion difference		(348,319)	98,133
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		(348,319)	98,133
OTHER COMPREHENSIVE INCOME / (LOSS)		49,256,026	10,899,091
Distribution of Income/(Loss)			
Minority Interest	27	191,889	120,817
Parent Company's Share		49,412,456	10,680,141
Dispersal of Total Comprehensive Income / (Loss)			
Minority interest	27	191,889	120,817
Parent Company's share		49,064,137	10,778,274
Earnings Per Share	36	0,2205	0,0587
Earnings Per Share from Operating Activities	36	0,2205	0,0587

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi

CONSOLIDATED CHANGES IN THE SHAREHOLDERS' EQUITY STATEMENTS

As of 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

Audited

Note 27	Share Capital	Profit Reserves	Foreign Currency Conversion Difference	Inflation Adjustment Differences in Shareholders' Equity	Retained Earnings	Net Income / (Loss) for the period	Parent Company's Equity	Minority Interest	Total Shareholders' Equity
Balance at 01 January 2010	184,000,000	4,297,919	(406,456)	485,133	23,918,089	18,072,814	230,367,499	2,131,715	232,499,214
Transfer from retained earning	0	533,135	0	0	17,595,377	(18,072,814)	55,698	0	55,698
Foreign currency conversion difference	0	0	98,133	0	0	0	98,133	9,785	107,918
Changes in accounting policies	0	0	0	0	1,035,274	0	1,035,274	0	1,035,274
Effects of minority interest to accounting policies	0	0	0	0	9,529	0	9,529	(9,529)	0
Prior period effect of changes equity pick up method	0	0	0	0	(14,906,012)	0	(14,906,012)	0	(14,906,012)
Net income/loss for the period	0	0	0	0	0	10,680,141	10,680,141	120,817	10,800,958
Balances at 31 December 2010	184,000,000	4,831,054	(308,323)	485,133	27,652,257	10,680,141	227,340,262	2,252,788	229,593,050
Balance at 01 January 2011	184,000,000	4,831,054	(308,323)	485,133	27,652,257	10,680,141	227,340,262	2,252,788	229,593,050
Bonus share increase in capital	41,000,000	0	0	0	(41,000,000)	0	0	0	0
Transfer from retained earning	0	957,263	0	0	9,722,878	(10,680,141)	0	0	0
Foreign currency conversion difference	0	0	(348,319)	0	0	0	(348,319)	(34,731)	(383,050)
Net income/loss for the period	0	0	0	0	0	49,412,456	49,412,456	191,889	49,604,345
Balances at 31 December 2011	225,000,000	5,788,317	(656,642)	485,133	(3,624,865)	49,412,456	276,404,399	2,409,946	278,814,345

CONSOLIDATED CASH FLOW STATEMENTS

As of 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 1 January- 31 December 2011	Audited 1 January- 31 December 2010
Net period income/loss		49,604,345	10,800,958
Adjustments to reconcile net income before taxation			
to net cash from operating activities:			
Amortization and depreciation expense	18-19	12,138,933	14,043,233
Changes in provision for employee	24	951,361	1,026,070
Change in deferred tax assets / liabilities	35	(1,138,198)	3,802,872
Accrual of interest expense	8	176,481	234,261
Provision for doubtful receivables	10	4,698	120,887
Unearned interest on receivables	10	79,987	64,772
Unearned interest on payables	10	43,734,106	24,976,833
Changes in provision for taxes	35	7,402,510	1,740,601
Net cash from operating activities before changes in operating assets and liabilities:		112,954,223	56,810,487
Changes in trade receivables	10	(24,350,676)	632,319
Changes in other receivables	11	6,767,785	(29,836,390)
Changes in inventories	13	(50,393,523)	(4,342,183)
Changes in biological assets	14	(380,787)	(478,849)
Changes in other current assets	26	(6,193,177)	(5,104,006)
Changes in other non-current assets	26	6,367	6,367
Changes in trade payables	10	(54,532,587)	(29,697,066)
Changes in other payables	11	12,474,206	6,839,405
Changes in provisions of liability	22	3,152	(1,965)
Changes in other current liabilities		481,062	(11,354)
Net cash provided by operating activities		(3,163,955)	(5,183,235)
Investing activities			
Purchases tangible and intangible fixed assets, net	18-19	(2,762,405)	(2,689,489)
Changes in minority interest		(34,731)	9,785
		(2,797,136)	(2,679,704)
Financing activities			
Changes in the investment subject to equity pick-up method	16	(3,017,516)	(1,186,581)
Change in long and short term financial borrowings	8	20,807,493	741,327
Conversion differences from unaudited financial statements of Menderes Bulgaria		(348,319)	98,133
Net cash used by financial activities		17,441,658	(347,121)
Changes in cash and cash equivalents		11,480,567	(8,210,060)
Cash and cash equivalents at the beginning of the period		11,866,954	20,077,014
Cash and cash equivalents at the end of the period	6	23,347,521	11,866,954

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For The Period Ended 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

NOTE 1 – ORGANIZATION AND ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi ("Company") and its subsidiaries are referred as "Group" in the accompanying consolidated financial statements.

The entities mentioned below are applied "Full Consolidation Method":

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret. A.Ş.
- Menderes Bulgaria Ltd.

The entities mentioned below are applied "Equity Pick Up Method":

- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.
- Menderes Tekstil Pazarlama A.Ş.
- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

Company produces cotton press, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

As 16 April 2010 dated no.7545 trade registry gazette, Company's address changed from Köprübaşı Mevki No: 146 Sarayköy, Denizli" to "Cumhuriyet Mah. Gazi Mustafa Kemal Paşa Bulvarı No: 242 Sarayköy, Denizli", without any physical change, as a result of Sarayköy Municipality's address work.

In the period of 01 January – 31 December 2011, average 3,345 (01 January – 31 December 2010: 3,522) personnel are employed by the Company.

Company shares are traded in the Istanbul Stock Exchange since 2000.

Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 14 December 2010, numbered 287 and valid until 20 December 2013, Company's production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day:

Products	Unit	Quantity
Tricot	Kg	1,060,200
Linens	Item	2,400,000
Pillow case	Item	6,300,000
Sheet	Item	28,080,000

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For The Period Ended 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 01 February 2011, numbered 23 and valid until 01 February 2014, Company's production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day:

Electricity energy	161,827,000	Kwh/year
Steam	617,569,920	Joule/year
Hot water	238,360,320	Joule/year

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007, in Izmir. It is engaged in production of agricultural. No. 7296 on 21 June 2009 the company's name in the Trade Registry Gazette has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş..

According to the capacity report from Denizli Industrial Chamber dated 28 January 2010, numbered 20 Company's production capacity has been calculated with daily 8 hours. Company works for 1 shifts a day:

Products	Unit	Quantity
Tomato	Ton	2,400

No. 6911 on 08 October 2007 in the Trade Registry Gazette the Company's headquarter was changed to Denizli. The registered address of the Company is as following:

Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli

In the period of 01 January – 31 December 20011, average 52 personnel are employed in the Company (01 January – 31 December 2010: 49 personnel).

Menderes Bulgaria Ltd.

Menderes Bulgaria Ltd. constitutes the 90% of the consolidated financial statements of Group. Company's unaudited financial statements in accordance with Bulgarian regulations are consolidated within the frame of full consolidation method of Communiqué XI, No: 29 of Capital Market Board.

Menderes Bulgaria Ltd. is established in 2002 in Bulgaria. Main activity of Menderes Bulgaria Ltd. (Parent Company) is custom manufacturing as receiving raw materials and unfinished, intermediate goods from Menderes Tekstil Sanayi ve Ticaret A.Ş. to process and send them back.

The Company announced the liquidation process for the subsidiary Menderes Bulgaria Ltd. started with the decision of its the Board of Members dated 06 December 2005 and numbered 2005/17 with the Statement of Material Disclosure to the Istanbul Stock Exchange Market and Capital Market Board of Turkey (CMB) on 05 December 2005 and to be completed before 30 January 2006. As of report date, the liquidation process is not completed yet.

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For The Period Ended 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the company is in Denizli, main activity is to produce electricity.

Group had ensured its demand of energy from its subsidiary, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. till 31 October 2008. As of 31 October 2008, it has become energy producer for itself with auto producer license obtained from Energy Market Regulatory Board.

As of 31 December 2011, Osman Akça Tarım Ürünleri İthalat İhracat Sanayi, has been included in the consolidation by the full consolidation method to Tan Elektrik and consolidated financial statements have been included in the consolidation by the equity method to Akça Enerji Üretim Otoprodüktör Grubu A.Ş. Tan Elektrik Üretim A.Ş had been included in consolidation by full consolidation method to Akça Enerji Üretim Otoprodüktör Grubu A.Ş. report dated 30 September 2011, but as of 31 December 2011 changing of its capital structure it has not been included by full consolidation method

Akça Enerji Üretim Otoprodüktör Grubu A.Ş owns 30.5 % of Ures Elektrik. Ures Electric has not been included by equity method because of not being in activity.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. holds 35% of the Ures Elektrik. Ures Elektrik is dormant company without any activities. Hence it was not consolidated with equity pick-up method to Akça Enerji.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in Izmir. Company does marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in Izmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and Izmir for 20 years. As of 31 December 2011, company has integrated 20 established and 4 mobile vehicle inspection stations.

Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş.

Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, since Company is not active yet, it is not included in the consolidation for the period of 31 December 2009. Liquidation of the subsidiary is completed in the Liquidation Closure General Board meeting that takes place in 30 November 2010, and the closure announcement is published at Turkish Trade Registry Gazette dated 09 December 2010.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

Group prepares their statutory financial statements in accordance with the principles of Capital Market Board (CMB), Turkish Commercial Code (“TCC”) and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and presents in Turkish Liras. Consolidated financial statements are prepared on statutory records, which are maintained with historical cost, with the necessary adjustments and reclassifications made for the fair presentation in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board.

Principles of Preparing Financial Statements

Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board is published in Official Gazette date 09 April 2008 and numbered 26842. This communiqué is effective for the first interim period financial statements after 01 January 2008 regarding companies in stock market, financial intermediary agencies, portfolio management companies and businesses connected to these partnerships, subsidiaries and business partnerships.

Capital Market Board defines principles, procedures and basis to prepare financial reports to be prepared by the companies and to be presented to the authorities in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets”. This communiqué is effective starting for first interim financial statements after 01 January 2008 and Communiqué XI, No: 25 “Accounting Standards in Capital Markets” has been abolished. Based on Communiqué XI, No: 29, companies are obliged to prepare their financial statements according to International Financial Reporting Standards (IAS/IFRS) accepted by European Union. However, it will be applied IAS/IFRS published by International Financial Reporting Standard Committee and accepted by European Union until the difference between IAS/IFRS and Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) is published. In this manner, TAS/TFRS published by Turkish Financial Reporting Committee (TFRC) will be basis and not contradictory to adopted standards.

Till difference between IAS/IFRS published by International Financial Reporting Committee (IFRSC) and accepted by European Union and Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) by Turkish Financial Reporting Committee (TFRC) is published, financial statements will be prepared in accordance to IAS/IFRS within the frame of Communiqué XI No: 29 by Capital Market Board. Accompanying financial statements and notes are prepared compatible with formats obliged by announcement dated 14 April 2008 by Capital Market Board.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 14 March 2012. Boards of Directors have authority to change financial statements.

Financial Statements Correction in High Inflation Period

The CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore the Company was abolished inflation accounting application for the year 2005.

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For The Period Ended 31 December 2011

(Amounts are expressed as Turkish Lira "TRY" unless otherwise stated.)

Basis of consolidation

The accompanying consolidated financial statements include Group's financial statements. The financial statements of the companies included in the consolidation have been prepared as of the date of the accompanying consolidated financial statements and are based on the statutory records, with adjustments and reclassifications for the purpose of presentation in Communiqué XI, No: 29 on Capital Market Accounting Standards and applying uniform accounting policies and applications.

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Publicly traded shares	51.9	51.9
Akça Holding A.Ş.	45.7	45.7
Other	2.4	2.4
	100.0	100.0

As of 31 December 2011 and 2010, capital structures of the subsidiaries and equity participations are as following:

Menderes Bulgaria Ltd. (Subsidiary)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	90.0	90.0
Other	10.0	10.0
	100.0	100.0

Smyrna Seracılık Ticaret. A.Ş. (Subsidiary)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.2	79.2
Cemal İpekoğlu	20.4	20.4
Akça Holding A.Ş.	0.2	0.2
Rıza Akça	0.1	0.1
Dilek Göksan	0.1	0.1
Ali Atlamaz	0.0	0.0
	100.0	100.0

According to Board of Director's decision numbered 2009/14 and dated 08.04.2009, Group decided to affiliate TRY 9,500,000 (79.2% share) of Smyrna Seracılık Ticaret A.Ş.'s capital at par as a set-off against its receivables from Smyrna Seracılık Ticaret A.Ş. by common consent. There is not any expertise valuation is made about Company's share buy out.

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Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (Investment)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.0	20.0
Akça Holding A.Ş.	40.9	40.9
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	25.0	25.0
Selin Tekstil Sanayi Ticaret A.Ş.	13.0	13.0
Akçasaraylı Tekstil Ltd. Şti.	1.1	1.1
	100.0	100.0

Menderes Tekstil Pazarlama A.Ş. (Investment)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	45.0
Akça Holding A.Ş.	45.0	45.0
Rıza Akça	4.5	4.5
Dilek Göksan	4.5	4.5
Ahmet Bilge Göksan	1.0	1.0
	100.0	100.0

Aktur Araç Muayene İstasyon İşletmeleri A.Ş. (Investment)

	31 December 2011	31 December 2010
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.0	48.0
Nihat Zeybekçi	49.5	49.5
Akça Holding A.Ş.	0.1	0.1
Rıza Akça	0.9	0.9
Dilek Göksan	0.4	0.4
Cemal İpekoğlu	0.3	0.3
Ali Atlamaz	0.3	0.3
Mehmet İlem	0.5	0.5
	100.0	100.0

Equity participations are accounted for using the equity pick-up method. Equity participations are companies in which Group has a voting right between 20% and 50% of the ordinary share capital or significant influence is exercised on the operations of the company.

Subsidiaries are included or excluded from the consolidation since the date Group has control over or loses control.

Minority shares of shareholders are pursued in net assets of the subsidiaries and in the result of the operations and consolidated balance sheet and income statements.

Reporting Currency

As of 31 December 2011, Group's functional and reporting currency unit is represented in TRY compared to previous periods.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.b. Changes in Accounting Policies

A group only could change its accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for user of financial statements. This is why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

As of 31 December 2010, the Group has changed tax rate which is based for the deferred tax calculation of real estates (lands, land improvement and buildings). Before 2010, deferred taxes for cumulative temporary differences of land, land improvements and buildings were provided at 20% (current tax rate). As of 31 December 2010, tax rate for the deferred tax calculation of lands and buildings is 5%, according to exemption article subject to the sale of property, investments share, founder shares, preferred shares and pre-emptive rights (Note 35). This change reflected to shareholder's equity amounting to TRY 1,044,803 as deferred tax income. As of 31 December 2011 and 2010, these effects have been projected to accompanying consolidated financial statements.

There have not been significant changes to affect accompanying financial statements.

2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

Significant amendments in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements should be restated. Changes in accounting estimates should be applied prospectively, if only for a period in which the change in current period. If it relates to future periods they are recognized to prospectively both in the current period and in the future period.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Aktur) was consolidated with equity pick-up method since 30.09.2008 and in the financial statements as of 31.12.2011 and comparative financial statements as of 31.12.2010. In the following fiscal periods, intangible fixed assets are revalued with period end exchange rate based on subcontractor agreement. Hence the method was altered. According to article 74, IAS 38, book entry methods were applied with cost model basis. Within this framework, the financial statements as of 31.12.2010 have been reformulated according to the new related changes. Effects of this change is reflected TRY (14,906,012) in year 2010 and TRY (7,448,371) in net period profit as of 31.12.2010.

2.d. New and Revised International Financial Reporting Standards

The accounting policies, which are basis of presentation of financial statements, are consistent with those of the 31 December 2011 expect for the new standards and interpretation summarized below. The following new and amended IFRS and IFRIC interpretations are adopted in the periods beginning on 01 January 2011. This new Standard and amended has no effect on financials and performance of Group.

The new standards and amendments and interpretations which are effective as at 1 January 2011

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement (Amended)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)

IAS 24 Related Party Disclosures (Revised)

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies and changes in disclosures, but no impact on the financial position or performance of the Company (Group). There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

IFRS 3: Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

IFRS 3: Measurement of non-controlling interests

IFRS 3: Not-replaced or voluntarily replaced share-based payment awards

IFRS 7: Financial Instruments: Disclosures

IAS 1 Presentation of Financial Statements

IAS 27 Consolidated and Separate Financial Statements

IAS 34: Importance events and developments

IFRIC 13: Fair value of award credits is measured

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income” The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment) The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended) Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 Consolidated and Separate Financial Statements The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended) The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended) This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: - Offsetting Financial Assets and Financial Liabilities (Amended) These amendments are to be retrospectively applied for annual periods beginning on or after 11 June 2011. This standard has not yet been endorsed by the EU. The amendments are

IFRS 7 Financial Instruments: Disclosures to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and measurement The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 11 Joint Arrangements The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

2.e. Summary of Significant Accounting Policy

Revenue

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The cost of inventories is determined on the first in first out (FIFO) basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Biological Assets

Group's biological assets consist of planted tomatoes. Due to no presence of active market for tomatoes, they were reflected in the accompanying combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

Property, Plant and Equipment

Tangible assets are reflected by deducting the accumulated depreciation, permanent cost value of the entries purchased after 01 January 2005 from adjusted cost value according to the inflation effective for the entries purchased before 01 January 2005, in the booking.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line basis with prorates method based on the estimated useful lives of the assets. Expenses for the repair of property, plant and equipment are normally charged as an expense.

Economic useful lives of assets approximately are as follows:

	<u>Year</u>
Land improvements	10-30
Buildings	50
Machinery, plant and equipments	5-10
Motor vehicles	5
Fixtures and fittings	10

Leasing

Group acquired assets under finance lease agreements and capitalized at the inception of the lease starting from acquired date. Payables to lease are pursued under financial leasing liability imbalance sheet. Calculation of minimum leasing payment is to find out current market value as the valid proportion is calculated practically in financial leasing process then it is, otherwise proportion of interest rate of loan is used as discount factor. Expenses of asset acquisition through financial leasing are included in costs. The liability from financial leasing is decomposed into interest rate and the main loan. Expenses of interest rate are calculated with the fixed interest rate and are issued in related periods.

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 31 December 2004 for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Impairment of assets

In the case of detecting that carrying values of fixed assets fall below the level that can realize / can be gained from this asset in the future due to different events and situations, material and non-material fixed assets are tested in terms of value losses. In the case of being over the value of book value of material and non-material fixed assets realizable value or the value that can be gained from this asset in the future, provision are made for fixed asset value diminution.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Financial Investments

Except diminution in accordance with Communiqué XI, No: 29 published by CMB, income or loss related to ready to be liquidated financial assets are reflected in the financial statements through changes in shareholders' equity statements until these financial assets are out of financial statements. When these assets are cashed out financial statements, retained income or loss previously reflected in the shareholders' equity is booked in current period net income. However, the difference between the amount when the ready to be liquidated assets are booked for the first time and timed amount is subject to effective interest method and the accrued amount stands for interest and it is reflected in the financial statements as profit or loss. As a result of this communiqué, the ready to be liquidated assets are valued with its fair value. If the difference between fair value and the value calculated by effective interest method is positive, then it is booked in capital reserve. If the difference is negative, then it is deducted from existing capital reserve. If still it is negative, it is booked under other operating activities expenses in the income statements.

Fair value of shares quoted in stock exchange is taken from closing price of Istanbul Stock Exchange as of the balance sheet date.

Financial Instruments

Financial instruments are classified as assets for investments, financial instruments for purchase and sale, financial instruments which can be hold to the due date and financial instruments which are ready to be sold. The financial instruments which are bought to make gain of short term fluctuations are classified as commerce financial instruments and included to the current assets. Financial instruments which the group management can have the ability or the will to control to the due date and have specific or fixed payment date and the financial instruments which had a fixed due date are classified as financial instruments that are hold to the due date.

The financial instruments which are hold to sell for cash requirements or for changes of rate interests are called as ready to sell financial instruments. Ready to sell financial instruments are included in fixed assets if the management don't have the will to hold it or don't need it for capital increase in less than 12 months after balance sheet date.

All financial instruments are shown with the acquirement costs included the expenses of purchase of investment. Financial assets after reflecting financial statements are classified as ready to sell financial instruments are appreciated with the reasonable value if it is possible to calculate.

Current value is the value which brings willing and informed buyers and sellers together and they can replace assets or make a commitment. The market value of a financial instrument is equal to the amount of the sale or to the debt of purchase if there is an active market.

Estimated current value of financial instruments is set by using the information about the markets and necessary valuation method. However, to set current value it is needed the commented market data. Because of this, presented estimates in this report can't be the obtained values in the current market if the group charges the assets off.

Bank deposits and receivables are important financial instruments which can affect the group's financial state negatively if the other side doesn't fill the conditions.

The cost value of some financial instruments is equal to the registered value and because of their short term character and it is assumed as equal to the current value.

Derivative financial instruments and instruments to protect from risk:

The acquisition cost is used by recording derived financial instruments and foreign exchange commitments and transaction cost is added to acquisition cost. Derived financial instruments are appreciated with reasonable value in the following periods. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/expense accruals under other receivables and other payables in the balance sheet.

Cash and Cash Equivalent:

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

Trade Receivables and Trade Payable:

The balance sheet values of trade receivables and payables after doubtful receivables are truthful estimated values except the trade receivables and payments which are reduced to present value.

Due from / to Related Parties:

The balance sheet values of receivables and payables from related parties are truthful estimated values except the receivables and payables from related parties which hold in a specific credit period.

Financial Borrowings:

The interest rates of the credits are fixed at the using date but then it can follow fluctuation of interest rate in the market. The group uses risky financial instruments at the time of ordinary activities as letter of credit. The cost of these financial instruments is equal to commitment amount.

Other Balance Sheet Entries

Other balance sheet entries are reflected with their book values.

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Related Parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures are considered and referred to as "related parties". These companies' partners and chiefly managers and that company's board of management's members and also families are fallen within related to establishment. These operations are performed generally in accordance with market conditions.

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007, İzmir. No. 7296 on 21 April 2009 the Company's name (Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.) has been changed to Smyrna Seracılık Ticaret A.Ş. No 6911 on 8 October 2007 the Company's head quarter in the Trade Registry Gazette has been changed to Denizli. The Company's main activity is the production of agricultural. Company is included in the consolidation in 2009.

Akça Enerji Üretim Otoprodüktör Grubu

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. was established in 13 June 1998. Head quarter of the company is in Denizli and its main activity is to supply the electricity, hot water and steam.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in İzmir. Company does marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law b-numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. As of 31 December 2010, company has integrated 20 established and 4 mobile vehicle inspection stations.

Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş.

Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, Company is not active operationally. According to 31 August 2009 dated Board of Director's decision Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. is decided to be clarified.

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş.

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of the company is in İzmir. Main activity is established to process the fruit and agricultural products.

Tan Elektrik Üretim A.Ş.

Tan Elektrik Üretim A.Ş. was established in İzmir on 18 July 2006 as "MTT Elektrik Üretim A.Ş." The company name was changed to "Tan Elektrik Üretim A.Ş." on 9 November 2006. Main activity of company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers.

Akçamen Tekstil Sanayi ve Ticaret A.Ş.

Akçamen Tekstil Sanayi ve Ticaret A.Ş. was established on 26 July 1994. Head quarter of the company is in İzmir. No. 7186 on 11 November 2008 in the Trade Registry Gazette the company was changed to the center of Denizli. Main activity is to produce cotton.

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the company is in İzmir. Main activity is insurance intermediary services.

Selin Tekstil Sanayi ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş. was established in 1992. Head quarter of the company is in Denizli. Main activity is outsourcing of textile manufacturing.

Taxes calculated from Corporate Profit

Because Turkish Tax Legislation does not allow preparing consolidated tax return to parent company and its subsidiary, as reflected on the attached consolidated financial statements, provisions for taxes are calculated separately.

Taxes on income for the period comprise current tax and the change in the deferred taxes.

Current Tax

Current year tax liability is calculated from liable to tax part of the period profit. Because liable to tax profit excludes taxable items in other years or tax deductibles and the items that is not possible to make taxable or reduction of tax, it is different than profit on the income statement. The Group's current tax liability is calculated by using the tax rate that became law as of balance sheet date or the tax rate that significantly became law.

Deferred Tax

Deferred tax liability or asset is determined by calculating temporary differences between the balances of assets and liabilities on financial statements and the balances considered in legal tax base account according to balance sheet method by considering legal tax rates of tax effects. While the deferred tax liability is calculated for all the taxable temporary differences, tax assets that consist of deductible temporary differences are calculated if there is a possibility of benefiting from the temporary profit in the future. The assets and liabilities are not accounted if temporary difference related with the operation that does not effect commercial or fiscal profit/loss stems from taking to financial statements goodwill or other assets or liabilities (except business combinations) firstly.

Deferred tax liabilities are calculated for all taxable temporary differences associated with shares in the business associations and investments in subsidiaries and affiliates except in the cases when the group's temporary differences are controlled and when the probability of the elimination of this difference is very low in near future. Deferred tax liabilities stemming from taxable temporary differences that is associated with this kind of investments and shares are calculated on condition when the probability of utilizing the related differences by gaining sufficient liable to tax profits in near future is very high and when elimination of the differences about future is probable.

The recorded value of deferred tax asset is revised as of each balance sheet date. Financial profit is deducted with unlikely performing amount to ensure future partial or complete benefit of booked value of deferred tax assets.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be valid in the period when assets will realize or liabilities will be fulfilled and that become law as of balance sheet date or significantly become law. At the time of the calculation of the deferred tax assets and liabilities, as of balance sheet date the tax results of the methods are considered that the group forecasted for recovery of the book value of the assets or fulfillment of the liabilities.

The existence of legal right to deduct deferred tax assets and liabilities from current tax assets and liabilities or income tax collected by very same tax authorities related to these assets and liabilities or deduction will be realized when there payment will by netting of Group's assets and liabilities.

Current and deferred tax of period

Associated with the items that are booked in shareholders' equity accounts as debit or credit directly, (in this case, related deferred tax of the items are directly entered in shareholders' equity account) or current tax except that stem from first recording of business combinations and deferred tax of the period are entered in income or expense accounts in income statements. Tax effect are considered in business combinations, goodwill calculations or determination of the exceeding part of the cost of purchase of buyer's obtained share from purchased subsidiary's fair value of definable asset, liability and conditional payables

Provision Employee Benefits / Severance Pay

Severance Pay

According to the present laws and collective bargaining agreement severance pay is given in case of retirement and dismissal. The payments in accordance with updated IAS 19 Employee Benefits Standard ("IAS 19") are described as defined retirement benefit plans.

The severance pay liability booked in balance sheet means today's value of liability remained after correction at the rate of actuarial income and losses excluded from income statement.

Social Insurance Premium

Group pays social security contribution to social security organization compulsorily. So long as the company pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional Liabilities and Conditional Assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

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The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

The foreign currency rates used at the end of the period are as following:

	31 December 2011	31 December 2010
USD	1.8889	1.5460
EUR	2.4438	2.0491
GBP	2.9170	2.3886
SEK	0.27221	0.22619
CHF	2.0062	1.6438

Earning Per Share

The amount of gain/ loss per share is calculated by dividing the period gain/ loss of the company with weighted average share unit in the period.

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Segment Reporting of Operation Results

Group mainly operates in textile and agriculture sectors, agricultural production is conducting by Smyrna . Balance sheet items and operating results are given in Note 5.

As of report date, Menderes Bulgaria Ltd. has terminated the operation and started liquidation. Hence financial segment reports are not prepared .

Cash Flow Statement

Cash flow statement is prepared in accordance with communiqué by Capital Market Board

Income Accruals

Revenue is recognized on the accrual basis at the time deliveries are made, at the invoiced values. Net sales reflect gross sales, net of sales discounts and returns.

Foreign Currency Assets and Liabilities

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements.

Dividends

Dividends receivable are recognized as income in the period when they are declared and dividends payables are recognized as an appropriation of profit in the period in which they are declared.

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to company accounting policies calculating the share of company from the net assets.

NOT 3 – BUSINESS MERGERS

As of 31 December 2011, is none

NOTE 4 – BUSINESS PARTNERSHIP

None (31 December 2010 – None)

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NOTE 5 – SEGMENT REPORTING

31 December 2011	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS				
Cash and Cash Equivalents	23,343,677	3,844	-	23,347,521
Trade Receivables	50,159,030	350,552	-	50,509,582
Other Receivables	62,235,065	8,266,950	(8,266,950)	62,235,065
Inventories	106,418,042	209,685	-	106,627,727
Biological Assets	-	2,183,274	-	2,183,274
Other Current Assets	16,488,150	914,117	-	17,402,267
Current Assets	258,643,964	11,928,422	(8,266,950)	262,305,436
Investments Valued With Equity Method	106,221,038	-	(9,500,000)	96,721,038
Other Receivables	13,995	3,126	-	17,121
Tangible Assets	70,333,839	9,312,857	-	79,646,696
Intangible Assets	233,791	1,330	-	235,121
Deferred Tax Assets	5,828,180	41,768	(122,754)	5,747,194
Non Current Assets	-	157,044	-	157,044
Non-Current Assets	182,630,843	9,516,125	(9,622,754)	182,524,214
TOTAL ASSETS	441,274,807	21,444,547	(17,889,704)	444,829,650
LIABILITIES				
Financial Borrowings	83,522,595	1,004,028	-	84,526,623
Trade Payables	29,280,709	487,312	-	29,768,021
Other Payables	29,422,186	7,062,590	(8,266,949)	28,217,827
Corporation Tax Liabilities	12,528,495	96,859	-	12,625,354
Provisions for Liabilities	163,629	32,751	-	196,380
Other Current Liabilities	495,103	6,749	-	501,852
Current Liabilities	155,412,717	8,690,289	(8,266,949)	155,836,057
Financial Borrowings	4,872,920	-	-	4,872,920
Trade Payables	60,240	-	-	60,240
Severance Pay Provision	5,015,319	23,049	-	5,038,368
Deferred Tax Liabilities	199,182	131,292	(122,754)	207,720
Non-current Liabilities	10,147,661	154,341	(122,754)	10,179,248
Paid in Capital Share	225,000,000	12,000,000	(12,000,000)	225,000,000
Inflation Adjustments to Shareholders' Equity	485,133	-	-	485,133
Foreign Currency Conversion Differences	(656,642)	-	-	(656,642)
Profit Reserves	5,786,432	1,885	-	5,788,317
Retained Earnings	(3,368,736)	(323,033)	66,904	(3,624,865)
Net Period's Profit / (Loss)	48,683,280	921,065	(191,889)	49,412,456
Minority Interest	(215,038)	-	2,624,984	2,409,946
SHAREHOLDERS' EQUITY	275,714,429	12,599,917	(9,500,001)	278,814,345
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	441,274,807	21,444,547	(17,889,704)	444,829,650

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31 December 2011	Textile Sector	Agricultural Sector	Elimination	Total
Sales	376,730,969	3,446,732	-	380,177,701
Cost of Sales (-)	(289,925,018)	(2,751,525)	-	(292,676,543)
Marketing, Sales and Distribution Expenses (-)	(4,871,068)	(130,400)	-	(5,001,468)
General Administrative Expenses (-)	(5,335,244)	(135,678)	-	(5,470,922)
Other Operating Income	1,566,149	97,008	-	1,663,157
Other Operating Expenses (-)	(16,205,877)	(96,088)	-	(16,301,965)
Shares of Investments Valued with Equity Method	3,017,516	-	-	3,017,516
(Non-operating) Financial Income	48,067,342	837,858	(326,957)	48,578,243
(Non-operating) Financial Expenses (-)	(53,079,498)	(108,249)	326,957	(52,860,790)
- Income/Expense Tax for the period	(12,528,495)	(130,287)	-	(12,658,782)
- Deferred Tax Income/Expense	1,246,504	(108,306)	-	1,138,198
Net Income/(Loss) For The Period	48,683,280	921,065	-	49,604,345

NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2011 and 31 December 2010, details of cash and cash equivalents are as following:

	31 December 2011	31 December 2010
Cash	8,272	25,843
Banks	23,129,832	11,732,710
Demand deposits	178,648	1,126,771
Time deposits	22,951,184	10,605,939
Interest accruals for banks	209,417	108,401
	23,347,521	11,866,954

As of 31 December 2011 and 31 December 2010, Group's time deposits over three months, if desired it classified to cash and cash equivalents with balance sheet value.

As of 31 December 2011 and 31 December 2010, maturity schedule of time deposits in the cash and cash equivalents are as following:

	31 December 2011	31 December 2010
0-3 months	12,635,422	4,327,050
1-3 months	15,554	1,877,900
3-12 years	10,300,208	4,400,989
	22,951,184	10,605,939

As of 31 December 2011, effective interest rates of time deposits in TRY, USD and EUR are 9.86%, 3.07% and 2.02% respectively (31 December 2010: for TRY %8.92 USD % 2.54). As of 31 December 2010, average maturity date of time deposits is 87 days (31 December 2010: 105 days). Amount of these time deposits comprised of TRY 375,559 (31 December 2010: TRY 3,584,480), TRY 21,866,923 equivalent to USD (31 December 2010: TRY 7,021,459) and TRY 708,702.

NOTE 7 – FINANCIAL INVESTMENTS

Current Financial Investments

None (31 December 2010 – None).

Non current Financial Investments

None (31 December 2010 – None).

NOTE 8 – FINANCIAL BORROWINGS

	31 December 2011	31 December 2010
Short term bank borrowings	69,737,806	56,522,109
Other financial borrowings (factoring borrowings)	7,770,930	7,627,520
Short term lease payables, net	197,801	590,809
Current installments of long-term borrowings	6,643,605	1,776,547
Accrued interest of borrowings	176,481	234,261
Total short term financial borrowings	84,526,623	66,751,246
Long term bank borrowings	4,818,051	1,530,709
Long term financial leasing borrowings, net	54,869	133,614
Total long term financial borrowings	4,872,920	1,664,323
Total financial liabilities	89,399,543	68,415,569

As of 31 December 2011 USD, EUR, GBP and SEK bank loans, effective interest rates are %3.31, %4.87 and %3.81 (31 December 2010: TRY- %0, USD-%2.96, EURO-%3.69 ve SEK-%5.70'dir) respectively.

Group has deposit mortgages amount of USD 4,435,000 (TRY 8,377,272) for bank loans amounting used from Şekerbank T.A.Ş..

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Maturity analysis of the bank loans and other financial borrowings as of 31 December 2011 and 2010 are as following:

	31 December 2011	31 December 2010
0-3 months	42,730,427	40,284,415
3-12 months	41,421,914	25,641,761
1-5 years	4,818,051	1,530,709
	88,970,392	67,456,885

As of 31 December 2011 and 2010, maturity schedule of long term bank borrowings are as following:

	31 December 2011	31 December 2010
Payables within 1-2 years	4,818,051	1,530,709
	4,818,051	1,530,709

As of 31 December 2011 details of total bank borrowings and other financial borrowings are as following:

Currency	FX Amount	Currency Rate	TRY Equivalent
TRY	1,017,302	1.0000	1,017,302
USD	39,498,971	1.8889	74,609,606
EUR	5,296,358	2.4438	12,943,240
GBP	137,211	2.9170	400,244
Total			88,970,392

As of 31 December 2010 details of total bank borrowings and other financial borrowings are as follows:

Currency	FX Amount	Currency Rate	TRY Equivalent
TRY	1,641,086	1.0000	1,641,086
USD	25,080,395	1.5460	38,774,291
EUR	11,248,477	2.0491	23,049,254
SEK	17,650,000	0.22619	3,992,254
Total			67,456,885

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As of 31 December 2011 and 2010, details of financial leasing borrowings of group are as follows:

Short term financial leasing borrowings:

	31 December 2011	31 December 2010
Short term lease payables	208,070	620,248
Cost of deferred short term lease payables (-)	(10,269)	(29,439)
	197,801	590,809

Long term lease payables:

	31 December 2011	31 December 2010
Long term lease payables	57,574	137,668
Cost of deferred lease payables (-)	(2,705)	(4,054)
	54,869	133,614

Maturity schedule of lease payables as of 31 December 2011 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within a year	208,070	(10,269)	197,801
Payables within 1 – 2 years	43,077	(2,326)	40,751
Payables within 2 – 3 years	14,290	(172)	14,118
Payables within 3 – 4 years	207	(207)	-
	265,644	(12,974)	252,670

Maturity schedule of lease payables as of 31 December 2010 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within a year	620,248	(29,439)	590,809
Payables within 1 – 2 years	137,668	(4,054)	133,614
	757,916	(33,493)	724,423

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 156,450,000 (TRY 295,518,405), EUR 5,140,426 (TRY 12,562,173) and TRY 74,895,000.

NOTE 9 – OTHER FINANCIAL LIABILITIES

Other Short Term Financial Liabilities

None (31 December 2010 – None).

Other Long Term Financial Liabilities

None (31 December 2010 – None).

NOTE 10 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

As of 31 December 2011 and 31 December 2010, details of trade receivables are as following:

	31 December 2011	31 December 2010
Trade receivables	49,627,514	24,730,483
Unearned interest on trade receivables	(219,620)	(35,946)
Cheques and notes receivable	242,011	245,871
Receivables from related parties (Note 37-i-a)	859,677	1,303,183
Doubtful trade receivables	280,552	275,854
Provision for doubtful trade receivables (-)	(280,552)	(275,854)
Short-term trade receivables	50,509,582	26,243,591

As of 31 December 2011, Group has TRY 950,000 guarantee given as a provision for receivables.

Maturity schedule of notes receivable as of 31 December 2011 and 2010 are as following:

	31 December 2011	31 December 2010
1-30 days		
31-60 days	96,809	43,226
61-90 days	-	44,387
91-120 days	69,817	115,668
121-150 days	75,385	42,590
	242,011	245,871

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As of 31 December 2011 and 2010, movement of provision for doubtful receivables is as following:

	31 December 2011	31 December 2010
Opening balance	275,854	154,967
Provision for the period	4,698	120,887
Collection within the period	-	-
Closing balance	280,552	275,854

Details of trade receivables from related parties are as following (Note 37-i-a):

	31 December 2011	31 December 2010
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	617,666	90,057
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	1,022,217
Menderes Tekstil Pazarlama A.Ş.	242,011	190,909
	859,677	1,303,183

Long Term Trade Receivables

None (31 December 2010 – None).

Short Term Trade Payables

As of 31 December 2010 and 2011, details of the short term trade payables to related parties are as following:

	31 December 2011	31 December 2010
Trade payables	20,898,606	21,380,610
Unearned interest on trade payables	(446,289)	(861,085)
Due to related parties (Note 37-i-b)	6,331,834	15,723,630
Notes payable	3,015,680	4,226,756
Unearned interest on notes payable	(37,810)	(61,661)
Deposits and guarantees given	6,000	6,000
	29,768,021	40,414,250

As of 31 December 2011, bank has given guarantees for trade payables of USD 1,049,337 (TRY 1,982,093) and EUR 536,363 (TRY 1,310,764).

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Maturity schedule of notes payable as of 31 December 2011 and 2010 are as following:

	31 December 2011	31 December 2010
1 – 30 days	2,019,728	1,575,479
31 – 60 days	585,610	1,557,237
61 – 90 days	191,234	1,094,040
91 – 120 days	172,122	-
121 – 150 days	46,986	-
	3,015,680	4,226,756

Details of trade payables to related parties are as following (Note 37-i-b):

	31 December 2011	31 December 2010
Selin Tekstil Sanayi ve Ticaret A.Ş.	6,061,326	4,338,609
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	10,777,101
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	270,508	607,920
	6,331,834	15,723,630

Non current trade payables

	31 December 2011	31 December 2010
Trade Payables	60,240	212,492
	60,240	212,492

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

As of 31 December 2011 and 2010, details of other current receivables of Group are as following:

	31 December 2011	31 December 2010
Deposit and guarantees given	177,992	101,439
Due from shareholders (Note 37-i-d)	-	24,332
Due from related parties (Note 37-i-c)	59,620,906	66,845,742
Sundry debtors	2,436,167	2,039,010
	62,235,065	69,010,523

Amount in other sundry receivables are comprised of receivables from tax offices, customs administration and subcontractor related to Menderes Bulgaria Ltd.

Details of non trade receivables from related parties are as following (Note 37-i-c):

	31 December 2011	31 December 2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	58,608,870	66,317,083
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	533,345	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	301,866
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	336	147,438
Akça Holding A.Ş.	242,935	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	235,420	79,355
	59,620,906	66,845,742

As of 31 December 2011 and 2010, all amounts above are composed of non-trade receivables. For non-trade receivables from related parties with foreign currency balances; for the period 01.01.-31.12.2011 it is %5.5 interest rate is used, for 01.01.-31.12.2010, it is %1.324 and with TRY balances; for the period 01.01.-31.12.2011 it is %17.75, for 01.01.-31.12.2010 it is %16. Income from these transactions is presented in Note 37 iii-e.

As of 31 December 2011, the Group has non-trade receivables of USD 31,028,043 (TRY 58,608,870), (31.12.2010: USD 42,895,914(TRY 66,317,083)) from Osman Akça Tarım Ürünleri A.Ş.

As of 31 December 2011, non-trade receivables from related companies comprise %22.73 of total current assets and %13.40 of total assets. (It composes %37.90 of the total current assets and %18.35 of total assets as of 31 December 2010) (Note 37-i-c).

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Details of non trade receivables from shareholders are as following (Note 37-i-d):

	31 December 2011	31 December 2010
Cemal İpekoğlu	-	24,332
	-	24,332

Other Non Current Payables

	31 December 2011	31 December 2010
Deposits given and guarantees	17,121	9,448
	17,121	9,448

Other Current Payables

As of 31 December 2011 and 2010, details of other current payables of Group are as following:

	31 December 2011	31 December 2010
Taxes and funds payable	670,518	425,860
Social security deductions payable	585,408	530,126
Due to personnel	1,646,946	1,380,775
Advances received	14,204,926	10,222,826
Due to shareholders (Note 37-i-e)	11,108,080	2,746,662
Due to subsidiaries (Note 37-i-f)	1,949	1,949
Taxes and funds payable	-	435,423
	28,217,827	15,743,621

Details of non trade payables to shareholders are as following (Note 37-i-e):

	31 December 2011	31 December 2010
Rıza Akça	10,248,344	2,367,973
Ali Atlamaz	20,534	20,600
Cemal İpekoğlu	-	8,173
Ahmet Bilge Göksan	837,244	349,464
Dilek Göksan	1,958	452
	11,108,080	2,746,662

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Details of non trade payables to subsidiaries are as following (Note 37-i-f):

	31 December 2011	31 December 2010
Akça Holding	-	434,589
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	834
	-	435,423

Details of advances to related parties are as following (Note 37-i-g):

	31 December 2011	31 December 2010
Menderes Tekstil Pazarlama A.Ş.	9,928,982	9,636,157
	9,928,982	9,636,157

Other non-current payables

None (31 December 2010 – None).

NOTE 12 – RECEIVABLES AND PAYABLES FROM/TO FINANCE SECTOR ACTIVITIES

Current receivables and payables from finance sector activities

None (31 December 2009 – None).

Non-current receivables and payables from finance sector activities

None (31 December 2009 – None).

NOTE 13 – INVENTORIES

	31 December 2011	31 December 2010
Raw materials	69,706,961	36,337,992
Work in progress	30,531,799	14,334,347
Finished goods and merchandises	6,368,796	5,291,353
Other Inventories	226,920	270,512
	106,834,476	56,234,204

The Group's inventories were insured.

NOTE 14 – BIOLOGICAL ASSETS

Current biological assets

	31 December	31 December 2010
	2011	
Biological assets(Tomato)	2,183,274	1,802,487
	2,183,274	1,802,487

Group's biological assets are related with tomatoes. If available impairment and cost is indicated after provision in the combined financial statements Due to no presence of active market for growing tomatoes, they were reflected in the accompanying combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

Non-current biological assets

None (31 December 2010 – None).

NOTE 15 – RECEIVABLES FROM ON GOING CONSTRUCTION CONTRACTS

None (31 December 2010 – None).

NOTE 16 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD

As of 31 December 2011 and 2010, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., Menderes Tekstil Pazarlama A.Ş. and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. are held subject to equity pick-up method by the Group, with rate of 20%, 45% and 48% respectively.

	31 December	Share	31 December	Share
	2011	(%)	2010	(%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	566,844	20%	1,936,185	20%
Menderes Tekstil Pazarlama A.Ş.	8,241,623	45%	7,119,281	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	87,912,571	48%	84,648,056	48%
	96,721,038		93,703,522	

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Summary information about investment accounted for using the equity method is as following:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the Company is in Denizli. Main activity of the Company is producing electricity, hot water and steam.

Total of assets, liabilities and shareholders' equity of Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and summarized income statements for the period ending at the date of 31 December 2011 and 2010 are as following:

	31.12.2011	31.12.2010
Current Assets	74,674	10,895,093
Non-current Assets	8,397,955	3,565,184
Total Assets	8,472,629	14,460,277
Current liabilities	4,698,920	4,705,920
Non-current liabilities	939,491	73,431
Shareholders' equity	2,834,218	9,680,926
Total Equities	8,472,629	14,460,277
Sales, net	64,799	61,946
Cost of sales	(208,777)	(452,088)
Net profit / (loss)	(6,846,708)	(294,654)

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama Anonim Şirketi was established in 1998. The head office is in İzmir. It is engaged in sales of home textile products.

Total of assets, liabilities and shareholders' equity of Menderes Tekstil Pazarlama A.Ş. and summarized income statements for the period ending at the date of 31 December 2011 and 2010 are as following:

	31.12.2011	31.12.2010
Current Assets	17,275,358	16,252,363
Non-current Assets	2,154,396	1,218,512
Total Assets	19,429,754	17,470,875
Current liabilities	1,023,295	1,585,198
Non-current liabilities	91,742	65,053
Shareholders' equity	18,314,717	15,820,624
Total Equities	19,429,754	17,470,875
Sales, net	46,600,467	38,180,334
Cost of sales	(43,623,685)	(30,820,178)
Net profit / (loss)	2,494,093	6,081,177

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Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Denizli, İzmir and Manisa for 20 years. As of 31 December 2010, company has integrated 20 established and 4 mobile vehicle inspection stations.

Total of assets, liabilities and shareholders' equity of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and summarized income statements for the period ending at the date of 31 December 2011 and 2010 are as following:

	31.12.2011	31.12.2010
Current Assets	25,939,751	12,554,913
Non-current Assets	347,916,489	343,012,534
Total Assets	373,856,240	355,567,447
Current liabilities	32,161,914	17,486,466
Non-current liabilities	158,543,136	161,730,863
Shareholders' Equity	183,151,189	176,350,117
Total Equities	373,856,240	355,567,447
Sales, net	141,502,381	118,095,514
Cost of sales, net	(122,322,646)	(100,288,883)
Net profit / (loss)	20,899,003	11,151,918

In the period of 01.01. – 31 December 2011, net profit from investments subject to equity pick-up method is TRY 3,017,516 (31 December 2010: TRY 1,186,581).

31 December 2011				
	Share in capital (%)	Restated Shareholders' Equity	Restated Participation Amount	Net Profit/Loss
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	20%	2,834,218	566,844	521,337
Menderes Tekstil Pazarlama A.Ş.	45%	18,314,717	8,241,623	7,803,621
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	48%	183,151,189	87,912,571	(17,219,429)
			96,721,038	(8,894,471)
31 December 2010				
	Share in capital (%)	Restated Shareholders' Equity	Restated Participation Amount	Net Profit/Loss
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	20%	15,820,624	7,119,281	6,681,279
Menderes Tekstil Pazarlama A.Ş.	45%	9,680,926	1,936,185	1,890,678
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	48%	176,350,117	84,648,056	(20,483,944)
			93,703,522	(11,911,987)

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According to the signed agreement between TÜVTURK [North/ South] Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (Contractor) and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Subcontractor), subcontractors is allowed to establish a partial or full right to claim rights or receivables based on the agreement, directly or indirectly through cooperating with subsidiaries and/or equity participants by written prior authorization or to transfer to any third party or individual or credit institution.

Based on this, according to valuation report of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. prepared by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29.06.2008, Group has participated in Aktur Araç Muayene İstasyonları A.Ş. with 48% capital ratio. As a result of this acquisition, deferred tax has been calculated based on issue stated above and calculated deferred tax had an effect amounting to TRY 14,783,130 (31 December 2010: TRY 16,474,882) in the Group's balance sheet. The total effect of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. according to the equity pick-up method is TRY 17,219,429 (31 December 2010: TRY 20,483,944) in consolidation

NOTE 17 – INVESTMENT PROPERTY

None (31 December 2010 – None).

NOTE 18 – TANGIBLE ASSETES

Cost	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2010 opening balance	10,459,750	49,326,658	194,160,663	1,220,514	5,652,211	-	260,819,796
Additions	-	9,100	1,934,889	455,963	102,501	180,084	2,682,537
Disposals	-	-	(6,552)	(152,527)	-	-	(159,079)
31 December 2011 closing balance	10,459,750	49,335,758	196,089,000	1,523,950	5,754,712	180,084	263,343,254
Additions	482,838	24,504	1,714,477	108,944	301,129	81,381	2,713,273
Disposals	-	-	-	(420,488)	-	-	(420,488)
Transfers	261,465	-	-	-	-	(261,465)	-
31 December 2011 closing balance	11,204,053	49,360,262	197,803,477	1,212,406	6,055,841	-	265,636,039
Accumulated depreciation							
01 January 2010 opening balance	684,435	10,006,519	145,033,997	745,337	3,973,020	-	160,443,308
Additions	473,538	986,624	12,095,278	119,528	330,029	-	14,004,997
Disposals	-	-	(1,037)	(152,527)	-	-	(153,564)
31 December 2010 closing balance	1,157,973	10,993,143	157,128,238	712,338	4,303,049	-	174,294,741
Additions	500,773	986,964	10,172,793	156,708	274,352	-	12,091,590
Disposals	-	-	-	(396,988)	-	-	(396,988)
31 December 2011 closing balance	1,658,746	11,980,107	167,301,031	472,058	4,577,401	-	185,989,343
Net Book Value as of 31 December 2010	9,301,777	38,342,615	38,960,762	811,612	1,451,663	180,084	89,048,513
Net Book Value as of 31 December 2011	9,545,307	37,380,155	30,502,446	740,348	1,478,440	-	79,646,696

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As of 31 December 2011, the depreciation expense of tangible fixed assets for the fiscal period is TRY 12,091,590 (31 December 2010: TRY 14,004,997)

As of 31 December 2011, fixed assets were insured for TRY 218,502,515, CHF 2,300,000 (TRY 4,614,260) and EUR 3,900,000 (TRY 9,530,820). As of 31 December 2010, fixed assets were insured for TRY 114,775,026, CHF 2,300,000 (TRY 3,780,740) and EUR 1,229,000 (TRY 2,518,344).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 156,450,000 (TRY 295,518,405), EUR 5,140,426 (TRY 12,562,173) and TRY 74,895,000.

NOTE 19 – INTANGIBLE ASSETS

Cost	Other intangible fixed assets
01 January 2010 opening balance	373,698
Additions	12,467
31 December 2010 closing balance	386,165
Additions	72,632
31 December 2011 closing balance	458,797
Accumulated Amortization	
01 January 2010 opening balance	138,097
Additions	38,236
31 December 2010 closing balance	176,333
Additions	47,343
31 December 2011 closing balance	223,676
Net Book Value as of 31 December 2010	209,832
Net Book Value as of 31 December 2011	235,121

As of 31 December 2011, the amortization expense of intangible fixed assets for the fiscal period is TRY 47,343 (31 December 2010: TRY 38,326).

NOTE 20 – GOODWILL

None (31 December 2010 – None).

NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

None (31 December 2010 – None).

NOTE 22 – PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Short Term Provisions, Commitments and Contingent Liabilities

	31 December 2011	31 December 2010
Provision for the court cases	196,380	193,228
	196,380	193,228

Long term provisions, commitments and contingent liabilities

None (31 December 2010 – None).

NOTE 23 – COMMITMENTS

As of 31 December 2011 and 31 December 2010, guarantees/security/mortgage position of Group is as following:

Guarantees, security and mortgage (GSM) given by the Group	31.12.2011	31.12.2010
A. Total Amount of GSM given on behalf of legal entity	469,282,099	295,446,696
B. Total Amount of GSM given for partnerships which included in full consolidation	11,460	11,460
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. Total Amount of GSM given for the Parent Company	187,001,100	189,326,950
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	183,347,185	150,063,396
iii Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	839,641,844	634,848,502

Ratio of other GSM given by the Group to Shareholders’ Equity as of 31 December 2011 (31 December 2010: 148%) is 133%.

Group has given joint and collective guarantee at most USD 5,565,586(TRY 10,512,825) for the financial leasing agreement of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. signed with İş Finansal Kiralama A.Ş (31 December 2010: 5,565,586 USD (TRY 8,604,396).

Total amount of guarantee given by Group on behalf of related parties for bank loans is USD 91,500,000 (TRY 172,834,350) (31 December 2010: USD 91,500,000 equivalent to TRY 141,459,000). Total amount of guarantee given by related parties on behalf of Group for bank loans is USD 99,000,000 (equivalent to TRY 161,389,800) (31 December 2010: USD 99,000,000 equivalent to TRY 153,054,000).

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As of 31 December 2011, details of the commitments are as following:

Details of Mortgage	FX Type	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	-	-	71,295,000
Türkiye Vakıflar Bankası T.A.O	USD	147,950,000	1.8889	279,462,755
Vakıf Finansal Kiralama Anonim Şirketi	USD	8,500,000	1.8889	16,055,650
Vakıf Finansal Kiralama Anonim Şirketi	EUR	5,140,426	2.4438	12,562,173
Türkiye Finans Katılım Bankası A.Ş.	TRY	-	-	1,600,000
T.C Ziraat Bankası A.Ş.	TRY	-	-	2,000,000
				382,975,578

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is USD 156,450,000 (TRY 295,518,405), EUR 5,140,426 (TRY 12,562,173) ve TRY 74,895,000.

Guarantees Given	FX Type	FX Amount
Electricity suppliers	TRY	1,387,400
Custom authorities	TRY	47,202
Execution office	TRY	16,100
Natural gas suppliers	TRY	5,055,000
Tax office	TRY	215,750
Other	TRY	11,504
		6,732,956

Bank Details of Guarantees Given		
Türkiye Vakıflar Bankası T.A.O Finans Market	TRY	5,378,276
Türkiye Finans Katılım Bankası A.Ş.	TRY	628,000
Alternatifbank A.Ş.	TRY	714,400
Tekstilbankası A.Ş.	TRY	11,460
Other	TRY	820
		6,732,956

General Liabilities Agreements	FX Type	FX Amount	FX Rate	TRY Equivalent
Şekerbank T.A.Ş.	USD	15,000,000	1.8889	28,333,500
Şekerbank T.A.Ş.	EUR	4,500,000	2.4438	10,997,100
Şekerbank T.A.Ş.	TRY	8,500,000	1.0000	8,500,000
				47,830,600

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Guarantee Cheques Given	Bank Name	FX Type	FX Amount	FX Rate	TRY Equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	2,480,000	1.8889	4,684,472
Ekspo Factoring A.Ş.	Tekstilbankası A.Ş.	USD	4,325,000	1.8889	8,169,493
					12,853,965

Bond	Bank Name	FX Type	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	10,000,000	1.8889	18,889,000
					18,889,000

Guarantee Letters Received	Bank Name	FX Type	Amount
İtimat Manifatura	Kuveyt Türk Katılım Bankası	TRY	200,000
İtimat Manifatura	Türkiye Finans Katılım Bankası A.Ş.	TRY	750,000
			950,000

As of 31 December 2011, bank has given guarantees for trade payables of USD 1,049,337 (TRY 1,982,093) and EUR 536,363 (TRY 1,310,764).

Group has deposit mortgages amount of USD 4,435,000 (TRY 8,377,272) for bank loans used from Şekerbank T.A.Ş.

NOTE 24 – SEVERANCE PAY PROVISION

	31 December 2011	31 December 2010
Provision for severance pay	5,038,368	4,087,007
Total Long Term provision	5,038,368	4,087,007

For the period 01 January – 31 December 2011, average personnel number including subcontractors employed by the Group is 3,397.

The taken rate of retirement probability is 98%.

For the period ended 31 December 2011 and 2010, the movement schedule of severance pay provision is as following:

	31 December 2011	31 December 2010
Balance of 1 January	4,087,007	3,060,937
Severance pay provision for the period	3,106,753	2,612,255
Severance pay that are paid in the period	(2,155,392)	(1,586,185)
Balance at the end of the period	5,038,368	4,087,007

NOTE 25 – RETIREMENT PLANS

None (31 December 2010 – None)

NOTE 26 – OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

Other current assets

As of 31 December 2011 and 2010, details of other current assets are as following:

	31 December 2011	31 December 2010
Order advances given	1,913,416	2,872,137
Prepaid expenses	393,397	391,605
Income accruals	-	12,863
VAT carried forward	4,008,322	3,125,969
VAT receivables	-	1,741,681
Prepaid taxes and funds	11,087,132	3,050,826
Forward exchange income accruals	-	14,009
	17,402,267	11,209,090

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Non-current assets

	31 December 2011	31 December 2010
Prepaid expenses	157,044	163,411
	157,044	163,411

Other current liabilities

	31 December 2011	31 December 2010
Expense accruals	501,852	20,790
	501,852	20,790

Group has benefited from ruling of "tax base expansion" (law numbered 6111), "Some Debt Restructuring and Other Social Insurance and General Health Insurance Law on the Amendment of Certain Laws and Decree-Law" which was published in Official Gazette dated 25 February 2011 and numbered 27857 (I. Repeated) and become effective. Within this frame, the tax bases for years 2006, 2007, 2008 and 2009 subject to tax are increased; as a result of this procedure, provision of TRY 840,390 is booked in the financial statements. This standing balance will be paid until 30 September 2014 with 9 installments bound to related legislations.

Other current liabilities

None (31 December 2010 – none)

NOTE 27 – SHARE CAPITAL

27.1 Paid in Capital

As of 31 December 2011 and 2010, Group's paid in capital was divided into 225,000,000 shares as each valued at TRY 1 nominally (31 December 2010: 184,000,000).

As of 31 December 2011 and 2010, Group's paid in capital is as following

Shareholders:	31 December 2011		31 December 2010	
	Share (%)	TRY	Share (%)	TRY
Public offer shareholders	%51.93	116,845,668	%51.93	95,553,791
Akça Holding A.Ş.	%45.68	102,787,248	%45.68	84,057,127
Other	%2.39	5,367,084	%2.39	4,389,082
Total	%100.00	225,000,000	%100.00	184,000,000

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According to company's main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders.

Board of director of the Group has decided to increase their capital from TRY 184,000,000 to TRY 225,000,000 with decision dated 09.03.2011 and numbered 2011/05. The capital increase was realized on 28 April 2011. TRY 31,559,974 of 41,000,000 is financed with prior years' profit and the remaining TRY 9,440,016 is financed with net profit of 2010.

27.2 Inflation Adjustment Difference in Shareholder's Equity

	31 December 2011	31 December 2010
Inflation adjustment difference in shareholder's equity	485,133	485,133
	485,133	485,133

27.3 Profit Reserves

	31 December 2011	31 December 2010
Legal Reserves	5,788,317	4,831,054
	5,788,317	4,831,054

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 %, until the total reserve reaches a maximum of 20 % of the Group's share capital. The second legal reserve is appropriated at the rate of 10 % of all distributions in excess of 5 % of the Group's share capital. The first and second legal reserves are not available for distribution unless they exceed 50 % of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

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

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

It was announced in the CMB decision dated January 9, 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

In accordance with the CMB decision dated January 27, 2010, it's decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. However, in case inflation adjustment to shareholders' equity is used on cash profit distribution, it will be subject to corporation tax.

The base for the profit distribution is the net income reported in the financial statements filed with Capital Market Board in accordance with Series IX, No. 29

27.4 Retained Earnings

As of 31 December 2011, other profit reserve of TRY (3,624,865).of Parent Company is included in the retained earnings of TRY 8,747,974 (31 December 2010: other profit reserve of TRY : 27,652,527 out of TRY 31,559,974).

27.5 Minority Interest

Group's minority interest is TRY 191,889 as of balance sheet date (31 December 2010: TRY 120,817).

	Total	Profit/(Loss)	Parent		Minority part	
	Shareholders'	of the Period	Company	Minority	of	Minority part
31 December 2011	Equity		Share	Interest	Shareholders' Equity	of Profit/(Loss)
Menderes Bulgaria	(2,150,382)	-	90%	10%	(215,038)	-
Smryna	11,678,852	921,067	79%	21%	2,624,984	191,889
					2,409,946	

	Total	Profit/(Loss)	Parent		Minority part	
	Shareholders'	of the Period	Company	Minority	of	Minority part
31 December 2010	Equity		Share	Interest	Shareholders' Equity	of Profit/(Loss)
Menderes Bulgaria	(1,803,072)	-	90%	10%	(180,307)	-
Smyrna	11,098,929	579,924	79%	21%	2,433,095	120,817
					2,252,788	

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NOTE 28 – SALES AND COST OF SALES

28.1 Sales

	01.01.- 31.12.2011	01.01.- 31.12.2010
Domestic sales	70,464,513	45,118,564
Export sales	309,822,413	257,653,396
Other sales	288,732	367,174
	380,575,658	303,139,134
Sales returns	(397,957)	(95,850)
Sales discounts	-	(7,530)
Other discounts	-	(1,554)
Sales Income, (net)	380,177,701	303,034,200

For the period ended 01 January – 31 December 2011 and 2010, for each main product sales of goods and service amounts are as following:

	Unit	01.01.- 31.12.2011	01.01.- 31.12.2010
Yarn	Kg	-	54,427
Raw fabric	M ²	3,662	27,772
Finished fabric	M ²	13,991,901	14,916,136
Inter facing undercoat	M ²	25,611,477	22,507,451
Cover, pillow, curtain	Unit	11,988,986	15,019,938
Electricity	KWH	4,000,645	4,310,410
Waste cotton	Kg	263,461	611,340
Patch fabric	Kg	4,143,192	5,217,977
Oakum	Kg	669,345	675,060
Waste dust	Kg	123,620	232,160
Bunch tomatoes	Kg	1,986,312	1,391,664

Sales to related parties are as following (Note 37-ii-a):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Menderes Tekstil Pazarlama A.Ş.	43,769,415	30,850,971
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,246,489	5,996,417
Akça Holding A.Ş.	-	68,738
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	866,525	685,076
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	10,209	10,613
	45,892,638	37,611,815

28.2 Cost of Sales

	01.01.- 31.12.2011	01.01.- 31.12.2010
Direct material cost	233,108,897	191,957,451
Direct labor cost	42,916,643	41,219,311
General production overheads	9,611,901	9,258,923
Depreciation expenses	11,303,133	12,531,349
<u>Change in semi-finished goods</u>		
1. Beginning inventory (+)	14,334,347	15,902,809
2. Ending inventory (-)	(30,479,559)	(14,334,347)
Cost of finished goods produced	280,795,362	256,535,496
<u>Change in finished goods inventory</u>		
1. Beginning inventory (+)	5,096,621	5,136,291
2. Ending inventory (-)	(5,764,938)	(5,096,621)
Cost of finished goods sold	280,127,045	256,575,166
<u>Cost of merchandise</u>		
1. Beginning Merchandise Inventory (+)	194,732	154,585
2. Purchases During the Period (+)	9,902,736	4,594,177
3. Ending Merchandise Inventory (-)	(449,349)	(194,732)
Cost of finished goods produced		
Cost of merchandise sold	9,648,119	4,554,030
Cost of other service rendered	248,621	230,623
Cost of biological assets	2,328,012	1,891,502
Depreciation of biological assets	324,746	320,501
Cost of sales, net	292,676,543	263,571,822

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For the period ended 01 January – 31 December 2011 and 2010, for each main production of goods and service amounts are as following :

	Unit	01.01.- 31.12.2011	01.01.- 31.12.2010
Yarn	Kg	12,335,573	14,540,246
Raw fabric	M ²	102,813,645	127,819,010
Finished fabric	M ²	113,849,997	154,845,962
Inter facing undercoat	M ²	28,337,208	22,338,983
Cover, sheet, pillow, curtain	Unit	11,939,607	15,117,033
Electricity	KWH	100,121,136	114,896,000
Waste cotton	Kg	263,461	611,340
Patch fabric	Kg	3,849,440	4,381,524
Oakum	Kg	617,448	726,957
Waste dust	Kg	123,620	232,160
Bunch tomatoes	Kg	1,986,312	1,391,664

Purchases from related parties are as following (Note 37-ii-b):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	24,261,687	34,898
Selin Tekstil Sanayi ve Ticaret A.Ş.	19,320,788	19,545,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	64,799	49,500
Akça Holding A.Ş.	59,916	57,980
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	975
	43,707,190	19,688,353

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

	01.01.- 31.12.2011	01.01.- 31.12.2010
General administrative expenses	5,470,922	5,297,170
Marketing, sales and distribution expenses	5,001,468	5,470,360
	10,472,390	10,767,530

The details of the benefits provided to member of the board of directors pursued in the operating expenses are as following (Note 37-iii-a):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Member of the board of directors	689,699	661,882
	689,699	661,882

Rent and service expenses paid to related parties pursued under operating expenses are as following (Note 37-iii-b):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	419,850	405,091
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	284,406	298,397
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	641,868	706,184
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	469	914
Akça Saraylı Tekstil San. Tic. Ltd. Şti.	410	-
	1,347,003	1,410,586

NOTE 30 – OPERATING EXPENSES ACCORDING TO THEIR NATURE

30.1. Marketing, sales and distribution expenses:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Personnel expenses	2,020,656	1,892,236
Export expenses	2,817,898	3,454,318
Transportation of domestic sale	64,476	51,249
Depreciation expenses	30,783	45,124
Other expenses	67,655	27,433
	5,001,468	5,470,360

30.2. General Administration Expense:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Personnel expenses	42,551	169,319
Insurance expenses	632,346	712,697
Representation and accommodation expenses	21,846	47,109
Communication expenses	118,855	119,753
Rent expenses	227,022	247,401
Education and consultancy expenses	109,457	76,245
General administrative material consumption	533,178	373,758
Capital market expenses	187,894	46,330
Repair and maintenance expenses	83,027	71,206
Traveling expenses	175,756	178,759
Chamber fee expenses	15,340	34,116
Tax and duty expenses	327,129	294,217
Holding participation expenses (*)	133,738	-
Notary and insurance expenses	27,087	150,997
Help and donation expenses	768,960	11,627
Consulting expenses	539,590	250,608
Lawsuit provisions	95,963	5,000
Severance pay provision expenses	951,361	1,026,071
Doubtful receivable provisions	4,698	120,887
Depreciation expenses	212,999	885,093
Other expenses	262,125	475,977
	5,470,922	5,297,170

(*)Related with personnel expenses is reflected to Group by Akça Holding

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NOTE 31 –INCOME/ EXPENSE FROM OTHER OPERATIONS

For the period ended 01 January - 31 December 2011 and 2010 income from other operations is as following:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Reversal of unnecessary provision	92,811	17,801
Rent income	209,481	172,961
Other income	1,337,936	1,718,920
Other extraordinary incomes	22,929	73,365
Profit on sale of fixed assets		
	1,663,157	1,983,047

(*)TRY 1,058,135 of other extraordinary income consist of income from Social Security Institution law no. 4857 (31 December 2010: TRY 988,567).

Details of rent and service income from related parties in other income are as following (Note 37-iii-c):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Menderes Tekstil Pazarlama A.Ş.	57,600	60,000
Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Tic. A.Ş.	-	10,200
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	10,800	7,800
Selin Tekstil Sanayi ve Ticaret A.Ş.	18,000	15,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	36,000	26,400
Akçamen Tekstil Sanayi Ticaret A.Ş.	8,400	7,800
	130,800	127,200

For the period ended 01 January - 31 December 2011 and 2010, expenses for other operations are as following:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Export commission expenses	(14,745,183)	(12,775,279)
Import commission expenses	(716,062)	(254,394)
Loss on sale marketable securities	-	(29,189)
Other expenses	(840,720)	(7,269)
	(16,301,965)	(13,066,131)

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NOTE 32 – FINANCIAL INCOME

For the period ended 01 January - 31 December 2011 and 2010, financial incomes are as following:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Interest and term differences income	4,324,092	1,044,632
Foreign exchange gain	43,734,106	24,976,833
Unearned interest on payables gain/(loss), net	520,045	1,123,280
Forward exchange foreign exchange income	-	14,009
Previous period income	-	12,968
	48,578,243	27,171,722

Foreign exchange difference, interest and term difference income from related parties in financial incomes are as following (Note 37-iii-d):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Akça Holding A.Ş.	29,238	78,486
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	24,753,721	9,803,110
Akçamen Tekstil Sanayi Ticaret A.Ş.	28,483	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	32,330	16,078
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	116,229	67,055
Rıza Akça	-	32,594
Ahmet Bilge Göksan	-	1,044
Cemal İpekoğlu	2,775	317
	24,962,776	9,998,684

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NOTE 33 –FINANCIAL EXPENSES

For the period ended 01 January – 31 December 2011 and 2010, financial expenses are as following

	01.01.- 31.12.2011	01.01.- 31.12.2010
1	(4,333,123)	(3,909,462)
Foreign exchange losses	(44,664,175)	(18,521,807)
Commission expenses of borrowing	(517,765)	(441,748)
Commission expenses of letter of guarantees	(79,987)	(64,772)
Term differences expenses	(2,077,308)	(2,654,166)
Unearned interest on receivables gain/(loss), net	(1,142,366)	(515,535)
Other financial expenses	(46,066)	(35,903)
	(52,860,790)	(26,143,393)

Foreign currency difference, interest and term difference paid to related parties listed in financial expenses are as following: (Note 37-iii-e):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	7,582,048	5,943,763
Akça Holding A.Ş.	77,041	220,073
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	249,647	1,496,788
Menderes Tekstil Pazarlama A.Ş.	1,486,756	928,136
	9,395,492	8,588,760

NOTE 34 – FIXED ASSETS HELD FOR FURTHER SALE AND ABOLISHED OPERATIONS

None (31 December 2010 – None).

NOTE 35 –TAX ASSETS AND LIABILITIES

Corporation tax

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group's current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are nondeductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

The applied effective interest rate in 31 December 2011 is 20% (2010: 20%).

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% (2010: 20%) in year 2011

Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit for a maximum period of five years.

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-25 Aprils coming after the related year's balancing period (for the companies having special account period, between 1-25 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

As explained in article 5, "Exceptions", Corporation Tax Law, with condition of holding tangible assets and founding notes with same period to participation shares, redeemed shares in the assets for 2 years, and 75% of profit from sale of pre-emptive rights in the fund for 5 years is exceptional from Corporation Tax. Based on the article, Net Group has changed its accounting policy for 2010 and set provision for the 25% of the future profits. Effect of the accounting policy on the past period is TRY 1,044,803 pursued under shareholders equity in the accompanying consolidated financial statements.

Withholding Tax

In addition to Corporation tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 income tax stoppage rate was changed as 15%. Dividends that are added to capital without distribution are not subject to income tax stoppage. It is necessary to make tax withholding at 19.8% over investment allowance balance utilized based on investment incentive certificate taken before 24 April 2003. 40% of group activities directly related to production investment certificate investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

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Deferred Tax:

The potential deferred tax assets/ (liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	31 December 2011		31 December 2010	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interest on receivable	219,620	43,924	35,945	7,189
Accrued interest on borrowings	-	-	16,230	3,246
Severance pay provision	5,038,368	1,007,674	4,087,010	817,402
Reversal of capitalized financial expenses	170,274	34,055	919,440	183,888
Tangible fixed assets (land, building, land improvements and depreciations excluded), net	20,725,133	4,145,027	15,117,600	3,023,520
Tangible fixed assets (land, building, land improvements and depreciations), net	976,020	48,801	369,620	18,481
Investments	8,894,480	444,724	11,911,980	595,599
Biological assets cost adjustments	108,177	21,635	437,300	87,460
Other	6,770	1,354	6,750	1,350
Deferred tax assets		5,747,194		4,738,135
<u>Deferred tax liabilities:</u>				
Reversal of capitalized financial expenses	32,983	6,597	14,010	2,802
Unearned interest on payables	484,099	96,820	922,745	184,549
Foreign exchange	467,274	93,455	691,425	138,285
Other	54,239	10,848	56,110	11,223
Deferred tax liabilities		207,720		336,859
Deferred tax assets/(liabilities), net		5,539,474		4,401,276

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For the period ended 31 December 2011 and 2010, movements of deferred tax assets and liabilities are as following:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Current corporation tax	(12,658,782)	(5,222,844)
Deferred tax assets/(liabilities), net	1,138,198	(3,802,872)
	(11,520,584)	(9,025,716)
Deferred Tax (Asset) / Liability Movements:	01.01.- 31.12.2011	01.01.- 31.12.2010
Opening balance	4,401,276	5,023,561
Deferred tax expense / (income)	1,138,198	(3,802,872)
Due to changes in accounting policy (Note 2-2b)	-	3,180,587
Closing balance	5,539,474	4,401,276

Agreement of tax provision that is shown in income statement is as follows:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Unaudited profit before tax	60,502,780	24,318,986
Total additions to tax base	4,415,526	3,062,785
Total deductions from tax base	1,624,395	1,267,552
Unaudited financial profit	63,293,911	26,114,219
Valid tax rate	%20	%20
Calculated tax	12,658,782	5,222,844
Tax provision in the income statements	(12,658,782)	(5,222,844)

NOTE 36 – EARNINGS PER SHARE

	01.01.- 31.12.2011	01.01.- 31.12.2010
Net period profit / (loss)	49,604,345	10,800,958
Weighted-average number of shares outstanding (per share with 1 TRY value)	225,000,000	184,000,000
Profit per share (TRY)	0.2205	0.0587

NOTE 37 – DUE TO/FROM RELATED PARTIES

i) Transactions and balances with related parties:

a) Trade receivables from related parties (Note 10):

	31 December 2011	31 December 2010
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	617,666	90,057
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	1,022,217
Menderes Tekstil Pazarlama A.Ş.	242,011	190,909
	859,677	1,303,183

b) Trade payables to related parties (Note 10):

	31 December 2011	31 December 2010
Selin Tekstil Sanayi ve Ticaret A.Ş.	6,061,326	4,338,609
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	10,777,101
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	270,508	607,920
	6,331,834	15,723,630

c) Non-trade receivables from related parties (Note 11):

	31 December 2011	31 December 2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	58,608,870	66,317,083
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	533,345	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	301,866
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	336	147,438
Akça Holding A.Ş.	242,935	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	235,420	79,355
	59,620,906	66,845,742

As of 31 December 2011 and 2010, all amounts above are composed of non-trade receivables. For non-trade receivables from related parties with foreign currency balances; for the periods between 01.01.-31.12.2011, it is 5.5% interest rate is used, for 01.01.-31.12.2010, it is 1.324%, and with TRY balances; for the period 01.01.-31.12.2011, it is 17.75%, for 01.01.-31.12.2010, it is 16%. Income from these transactions is presented in Note 37 iii-d.

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d) Due from shareholders (Note 11):

	31 December 2011	31 December 2010
Cemal İpekoğlu	-	24,332
	-	24,332

e) Due to subsidiaries (Note 11):

	31 December 2011	31 December 2010
Rıza Akça	10,248,344	2,367,973
Ali Atlamaz	20,534	20,600
Cemal İpekoğlu	-	8,173
Ahmet Bilge Göksan	837,244	349,464
Dilek Göksan	1,958	452
	11,108,080	2,746,662

f) Due to subsidiaries (Not 11):

	31 December 2011	31 December 2010
Akça Holding	-	434,589
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	834
	-	435,423

g) Advances received from related parties (Note 11):

	31 December 2011	31 December 2010
Menderes Tekstil Pazarlama A.Ş.	9,928,982	9,636,157
	9,928,982	9,636,157

ii) Major sales to related parties and major purchases from related parties:

a) Major sales to related parties (Note 28.1):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Menderes Tekstil Pazarlama A.Ş.	43,769,415	30,850,971
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,246,489	5,996,417
Akça Holding A.Ş.	-	68,738
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	866,525	685,076
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	10,209	10,613
	45,892,638	37,611,815

b) Major purchases from related parties (Note 28.2):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	24,261,687	34,898
Selin Tekstil Sanayi ve Ticaret A.Ş.	19,320,788	19,545,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	64,799	49,500
Akça Holding A.Ş.	59,916	57,980
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	975
	43,707,190	19,688,353

c) Fixed asset purchases from related parties:

	01.01.- 31.12.2011	01.01.- 31.12.2010
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	1,302,500	-
	1,302,500	-

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iii) Other income and expenses resulting from transactions between related parties:

a) Benefits provided to member of the board of directors (Note 29):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Board of director	689,699	661,882
	689,699	661,882

b) Rent and service expenses paid to related parties (Note 29)

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	419,850	405,091
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	284,406	298,397
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	641,868	706,184
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	469	914
Akça Saraylı Tekstil San. Tic. Ltd. Şti.	410	-
	1,347,003	1,410,586

c) Rent and service income from related parties (Note 31):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Menderes Tekstil Pazarlama A.Ş.	57,600	60,000
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	10,200
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	10,800	7,800
Selin Tekstil Sanayi ve Ticaret A.Ş.	18,000	15,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	36,000	26,400
Akçamen Tekstil Sanayi Ticaret A.Ş.	8,400	7,800
	130,800	127,200

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d) Foreign currency differences, interest and term differences income from the related parties (Note 32):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Akça Holding A.Ş.	29,238	78,486
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	24,753,721	9,803,110
Akçamen Tekstil Sanayi Ticaret A.Ş.	28,483	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	32,330	16,078
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	116,229	67,055
Rıza Akça	-	32,594
Ahmet Bilge Göksan	-	1,044
Cemal İpekoğlu	2,775	317
	24,962,776	9,998,684

e) Foreign currency differences, interest and term differences paid to the related parties (Note 33):

	01.01.- 31.12.2011	01.01.- 31.12.2010
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	7,582,048	5,943,763
Akça Holding A.Ş.	77,041	220,073
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	249,647	1,496,788
Menderes Tekstil Pazarlama A.Ş.	1,486,756	928,136
	9,395,492	8,588,760

NOTE 38 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit Risk

Registered value of financial assets is the maximum net credit risk.

Maximum net credit risk as of 31 December 2011 is as following:

	Trade Receivables		Other Receivables		Banks	Other
	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	859,677	49,649,905	59,620,906	2,631,280	23,339,249	
The part of maximum risk under guarantee with collateral	-	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	859,677	49,649,905	59,620,906	195,113	23,339,249	
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	
C. Carrying value of financial assets that are past due but not impaired	-	-	-	2,436,167	-	
The part under guarantee with collateral etc	-	-	-	-	-	
D. Net book value of impaired assets	-	280,552	-	-	-	
Past due (gross carrying amount)	-	280,552	-	-	-	
Impairment (-)	-	280,552	-	-	-	
The part of net value under guarantee with collateral etc	-	-	-	-	-	
Not past due (gross carrying amount)	-	-	-	-	-	
Impairment (-)	-	-	-	-	-	
The part of net value under guarantee with collateral etc	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	

As of 31 December 2011, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 day	-	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 year	-	2,436,167
	-	2,436,167

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Maximum net credit risk as of 31 December 2010 is as following:

	Trade Receivables		Other Receivables		Banks	Other
	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	1,303,183	24,940,408	66,870,074	2,149,897	11,841,111	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1,259,957	24,940,408	66,870,074	110,887	11,841,111	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	43,226	-	-	2,039,010	-	-
The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	275,854	-	-	-	-
Past due (gross carrying amount)	-	275,854	-	-	-	-
Impairment (-)	-	(275,854)	-	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

As of 31 December 2010, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 day	43,226	-
Overdue 1 - 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 year	-	2,039,010
	43,226	2,039,010

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Foreign Currency Risk

As of 31 December 2011 and 2010, foreign currency position of the Group in terms of original currency is as following:

	31 December 2011			
	TRY Equivalent (Functional Unit)	USD	EURO	GBP
1. Trade Receivables	36,397,183	9,900,672	6,842,324	334,087
2a. Monetary Financial Assets (including cash and banks)	22,877,849	11,709,694	310,749	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	58,851,806	31,156,655	-	-
4. Current Assets (1+2+3)	118,126,838	52,767,021	7,153,073	334,087
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	118,126,838	52,767,021	7,153,073	334,087
10. Trade Payables	8,638,631	3,181,650	1,075,707	-
11. Financial Liabilities	83,505,292	37,029,649	5,384,933	137,226
12a. Other monetary financial liabilities	-	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	92,143,923	40,211,299	6,460,640	137,226
14. Trade Payables	60,240	-	24,650	-
15. Financial Liabilities	4,872,920	2,550,717	22,452	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	4,933,160	2,550,717	47,102	-
18. Total Liabilities (13+17)	97,077,083	42,762,016	6,507,742	137,226
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	21,049,755	10,005,005	645,331	196,861
21. Net foreign currency asset / liability position of monetary items (IFRS 7 B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(37,802,051)	(21,151,650)	645,331	196,861
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports*	308,134,302	184,484,423	-	-
24. Imports*	150,711,932	1,491	90,231,322	-

(*)As of 31 December 2011, exports and imports' balances were appreciated with average rate of exchange.

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	31 December 2010				
	TRY Equivalent (Functional Unit)	USD	EURO	GBP	SEK
1. Trade Receivables	24,342,655	412,523	7,045,057	36,496	40,592,835
2a. Monetary Financial Assets (including cash and banks)	8,105,658	4,924,873	240,010	-	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	66,317,083	42,895,914	-	-	-
4. Current Assets (1+2+3)	98,765,396	48,233,310	7,285,067	36,496	40,592,835
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	98,765,396	48,233,310	7,285,067	36,496	40,592,835
10. Trade Payables	7,789,554	3,502,571	1,158,840	-	-
11. Financial Liabilities	65,076,192	25,128,501	10,848,566	-	17,674,226
12a. Other monetary financial liabilities	83,442	53,973	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	72,949,188	28,685,045	12,007,406	-	17,674,226
14. Trade Payables	212,492	-	103,700	-	-
15. Financial Liabilities	1,664,323	-	812,221	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1,876,815	-	915,921	-	-
18. Total Liabilities (13+17)	74,826,003	28,685,045	12,923,327	-	17,674,226
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	23,939,393	19,548,265	(5,638,260)	36,496	22,918,609
21. Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(42,377,690)	(23,347,649)	(5,638,260)	36,496	22,918,609
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports*	261,859,177	174,530,432	-	-	-
24. Imports*	114,830,332	76,533,652	1,003	-	-

(*) As of 31 December 2010, exports and imports' balances were appreciated with average rate of exchange.

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Foreign Currency Risk Sensitivity

As of 31 December 2011 and 2010, in the case of increasing / losing value of TRY at 10% in view of foreign currencies below, shareholders' equity and income statement will be affected as below. While making analysis, firstly interest rates and all other variables are assumed as fixed.

	For the period of 01.01. – 31.12.2011			
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 10% against USD			
1-USD net asset / liability	1,889,845	(1,889,845)	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	1,889,845	(1,889,845)	-	-
	In the case of increasing / losing value of TRY by 10% against EUR			
4- Euro net asset / liability	157,706	(157,706)	(215,663)	215,663
5- Part of hedged from Euro risk (-)	-	-	-	-
6-Euro net effect (4+5)	157,706	(157,706)	(215,663)	215,663
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	57,424	(57,424)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	57,424	(57,424)	-	-
TOTAL (3+6+9)	2,104,975	(2,104,975)	(215,663)	215,663

	For the period of 01.01. - 31.12.2010			
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 10% against USD			
1-USD net asset / liability	3,022,162	(3,022,162)	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	3,022,162	(3,022,162)	-	-
	In the case of increasing / losing value of TRY by 10% against EUR			
4- Euro net asset / liability	(1,155,336)	1,155,336	(180,831)	180,831
5- Part of hedged from Euro risk (-)	-	-	-	-
6-Euro net effect (4+5)	(1,155,336)	1,155,336	(180,831)	180,831
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	8,717	(8,717)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	8,717	(8,717)	-	-
	In the case of increasing / losing value of TRY by 10% against SEK			
10- SEK net asset / liability	518,396	(518,396)	-	-
11- Part of hedged from SEK risk (-)	-	-	-	-
12- SEK net effect (10+11)	518,396	(518,396)	-	-
TOTAL (3+6+9+12)	2,393,939	(2,393,939)	(180,831)	180,831

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Liquidity Risk

Liquidity risk is the Group's possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

31 December 2011					
Financial Liabilities Non Derivatives	Book Value	Contractual Total cash outflow (=I+II+III)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)
Financial borrowings	89,146,873	90,549,765	46,898,290	38,754,514	4,896,961
Financial leasing	252,670	265,645	56,661	151,410	57,574
Trade payables	29,828,261	30,325,955	29,288,234	975,700	62,021
Other liabilities	28,217,827	28,217,827	2,904,821	25,313,006	-
Provision of liabilities	196,380	327,258	-	327,258	-
Other liabilities	501,852	990,206	373,356	616,850	-
	148,143,863	150,676,656	79,521,362	66,138,738	5,016,556

31 December 2010					
Financial Liabilities Non Derivatives	Book Value	Contractual Total cash outflow (=I+II+III)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)
Financial borrowings	67,691,146	68,272,135	40,921,418	25,820,008	1,530,709
Financial leasing	724,423	766,159	251,903	366,730	147,526
Trade payables	40,626,742	41,587,872	36,673,839	4,692,582	221,451
Other liabilities	15,743,621	15,743,621	3,469,207	12,274,414	-
Provision of liabilities	193,228	193,228	-	193,228	-
Other liabilities	20,790	20,790	-	20,790	-
	124,999,950	126,583,805	81,316,367	43,367,752	1,899,686

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Interest Rate Risk

The group's financial liabilities exposed to interest rate risk. The group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2011, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 2,932.

Capital risk management

In capital management, while the group tries to provide continuity, on the other hand aims at increasing profitability by using the balance of payable and equity most efficiently.

Group monitors its capital with Liability/Total Capital ratio. This ratio is net liability divided by total capital. Net liability is calculated as cash and cash equivalents are deducted from total liability (short term and long term liabilities are included as in balance sheet).

As of 31 December 2011 and 2010 the net debt / equity ratio is as following:

	31.12.2011	31.12.2010
Total debt	166,015,305	134,646,660
Less: Cash and cash equivalents	23,347,521	11,866,954
Net debt	142,667,784	122,779,706
Total equity	278,814,345	229,593,050
Total capital	421,482,129	352,372,756
Net Debt / Total Capital ratio	%34	%35

Important accounting policies

The Group's accounting policies about financial instruments are disclosed in note 2 "Significant Accounting Policies".

Categories of financial instruments

Financial assets	31.12.2011	31.12.2010
Cash and cash equivalents	23,347,521	11,866,954
Trade receivables	50,509,582	26,243,591
Financial liabilities		
Borrowings	89,146,873	67,691,146
Lease payables	252,670	724,423
Other payables	28,217,827	15,743,621
Trade payables	29,828,261	40,626,742

NOTE 39 – FINANCIAL INSTRUMENTS (STATEMENTS OF FAIR VALUES AND STATEMENTS WITHIN ACCOUNTING ENSURING FINANCIAL RISK)

Group states that the financial instruments are reflected with their fair value of registered value.

NOTE 40 – POST BALANCE SHEET EVENTS

None.

NOTE 41 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSED FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Group has reached a decision dated 06 December 2005 and numbered 2005/17 to liquidate the subsidiary, Menderes Bulgaria Ltd. and liquidation process to be completed on 30 January 2006 and to notify Istanbul Stock Exchange and Capital Market Board on 17 December 2005, with special case announcement. Along with the liquidation process is still not completed as of report date, Group management has indicated that it would be completed in year 2010.

Group has benefited from ruling of "tax base expansion" (law numbered 6111), "Some Debt Restructuring and Other Social Insurance and General Health Insurance Law on the Amendment of Certain Laws and Decree-Law" which was published in Official Gazette dated 25 February 2011 and numbered 27857 (I. Repeated) and become effective. Within this frame, the tax bases for years 2006, 2007, 2008 and 2009 subject to tax are increased; as a result of this procedure, provision of TRY 840,390 is booked in the financial statements. This standing balance will be paid until 30 September 2014 with 9 installments bound to related legislations.

According to the special case declaration of the Group Dated 12.09.2011, municipality of Alaşehir issued a total of 858.59 hectares of vineyards in the tender on 24.08.2011 Natural Mineral Water / Geothermal Energy Production-Based Gas Exploration Period Bidding Maples Autoproducer Group Inc gained by Akça Enerji Üretim Otoprodüktör Grubu A.Ş. Drilling activities under this contract has been started as of November 30, 2011.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Aktur) was consolidated with equity pick-up method since 30.09.2008 and in the financial statements as of 31.12.2011 and comparative financial statements as of 31.12.2010. In the following fiscal periods, intangible fixed assets are revalued with period end exchange rate based on subcontractor agreement. Hence the method was altered. According to article 74, IAS 38, book entry methods were applied with cost model basis. Within this framework, the financial statements as of 31.12.2010 have been reformulated according to the new related changes. Effects of this change is reflected TRY (14,906,012) in year 2010 and TRY (7,448,371) in net period profit as of 31.12.2010.