

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.,
ITS SUBSIDIARIES AND AFFILIATES,
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2010**

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., ITS SUBSIDIARIES AND AFFILIATES

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**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.,
ITS SUBSIDIARIES AND AFFILIATES
FOR THE PERIOD OF 01.01.-31.12.2010
INDEPENDENT AUDITORS' REPORT
ABOUT FINANCIAL STATEMENTS**

To the Board of Directors of
MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.,
İzmir

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 (Company), its subsidiaries and affiliates (Group) as of 31 December 2010. 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.

Responsibility of management regarding financial statements

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.

Responsibility of Auditor

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.

Provided the Basis of Opinion

The Capital Market Board requested an independent auditing with decree dated 21 December 2005 on the financial statements of Menderes Bulgaria Ltd. for the following periods ended at 31.12.2004, 31.03.2005, 30.06.2005, 30.09.2005 and 31.12.2005. Besides, the results of auditing that has effects on financial statements are requested to be sent to the Capital Market Board of Turkey (CMB) and Istanbul Stock Exchange Market by us. Consolidated audited reports based on financial statements of subsidiaries are sent to Capital Market Board of Turkey (CMB) and Istanbul Stock Exchange Market. However, the related subsidiary has been practicing liquidation as of report date then no independent audit report has been prepared. Hence the consolidation has been executed from un-audited financial statements as of 31 December 2010 and 2009. The accumulated profit transfer as of 31 December 2005 was different from audited financial statements of Menderes Bulgaria Ltd. to the un-audited prior period's financial statements.

Conditional Opinion

In our opinion, except for the effect of paragraphs explained above, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Menderes Tekstil Sanayi ve Ticaret A.Ş, its subsidiaries and affiliates as of 31 December 2010, and the results of its operations and cash flows for the year ended, in accordance with Communiqué XI, No: 29 on Capital Market Accounting Standards promulgated by according to the Capital Market Board of Turkey (CMB).



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

- a. The Group announced the liquidation process for the subsidiary Menderes Bulgaria Ltd. started with the decision of its the Board of Members dated 06 December 2005 numbered 2005/17 with the Statement of Material Disclosure to the Istanbul Stock Exchange Market and Capital Market Board of Turkey (CMB) on 17 December 2005 and to be completed till 30 January 2006. However, the liquidation process is not completed as of date of report, and it is planned to be completed in 2011.
- b. Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. with participation rate of %45 was established in 2006. However, Company is not active as of 31 December 2009 and it has liquidated as of 31 December 2010, then it is not included in the consolidation.

ATA Uluslararası Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member Firm of Kreston International

Dr. Ali YÜRÜDÜ
Managing Partner

İstanbul, 03 March 2011

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

BALANCE SHEET (TRY)
(XI-29 CONSOLIDATED)

	Footnote References	Audited 31.12.2010	Audited 31.12.2009
ASSETS			
Current Assets		176,366,849	145,642,908
Cash and Cash Equivalents	6	11,866,954	20,077,014
Financial Investments	7	0	0
Trade Receivables	10	26,243,591	27,061,569
Receivables Due From Finance Sector Activities	12	0	0
Other Receivables	11	69,010,523	39,183,581
Inventories	13	56,234,204	51,892,021
Biological Assets	14	1,802,487	1,323,638
Other Current Assets	26	11,209,090	6,105,085
(Subtotal)		176,366,849	145,642,908
Assets Held for Sale	34	0	0
Non-Current Assets		212,836,817	217,334,319
Trade Receivables	10	0	0
Receivables Due From Finance Sector Activities	12	0	0
Other Receivables	11	9,448	0
Financial Investments	7	0	0
Investments Valued With Equity Method	16	119,263,077	113,831,097
Biological Assets	14	0	0
Investment Properties	17	0	0
Tangible Assets	18	89,048,513	100,376,488
Intangible Assets	19	209,832	235,601
Goodwill	20	0	0
Deferred Tax Assets	35	4,142,536	2,721,355
Non-current Assets	26	163,411	169,778
TOTAL ASSETS		389,203,666	362,977,227
LIABILITIES			
Current Liabilities		128,345,979	120,621,172
Financial Borrowings	8	66,751,246	63,189,512
Other Financial Liabilities	9	0	0
Trade Payables	10	40,414,250	44,817,863
Other Payables	11	15,743,621	8,904,215
Payables Due to Finance Sector Activities	12	0	0
Government Grants and Incentives	21	0	0
Corporation Tax Payables	35	5,222,844	3,482,243
Provisions for Liabilities	22	193,228	195,193
Other Current Liabilities	26	20,790	32,146
(Subtotal)		128,345,979	120,621,172
Liabilities Related to Non-current Assets Held for Sale	34	0	0
Non-Current Liabilities		6,983,059	9,801,143
Financial Borrowings	8	1,664,323	4,250,469
Other Financial Liabilities	9	0	0
Trade Payables	10	212,492	529,112
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	4,087,007	3,060,937
Deferred Tax Liabilities	35	1,019,237	1,960,625
Other Non-current Liabilities	26	0	0
SHAREHOLDERS' EQUITY		253,874,628	232,554,912
Shareholders' Equity	27	251,621,840	230,423,197
Paid in Capital Share	27.1	184,000,000	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		(308,323)	(406,456)
Profit Reserves	27.3	4,831,054	4,297,919
Retained Earnings	27.4	42,558,269	23,918,089
Net Income/Loss for the Period		20,055,707	18,128,512
Minority Interest		2,252,788	2,131,715
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		389,203,666	362,977,227

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

**INCOME STATEMENT (TRY)
(XI-29 CONSOLIDATED)**

		Audited	Audited
	Footnote References	01.01.2010- 31.12.2010	01.01.2009- 31.12.2009
OPERATING ACTIVITIES			
Sales	28.1	303,034,200	274,810,450
Cost of Sales (-)	28.2	(263,571,822)	(233,667,720)
Gross Operating Profit (Loss)		39,462,378	41,142,730
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		39,462,378	41,142,730
Marketing, Sales and Distribution Expenses (-)	30.1	(5,470,360)	(5,749,843)
General Administrative Expenses (-)	30.2	(5,297,170)	(4,697,070)
Research and Development Expenses (-)		0	0
Other Operating Income	31	1,983,047	1,259,307
Other Operating Expenses (-)	31	(13,066,131)	(12,874,924)
OPERATING PROFIT/LOSS		17,611,764	19,080,200
Shares of Investments Valued with Equity Method	16	5,431,980	9,183,010
(Non-operating) Financial Income	32	27,171,722	19,198,004
(Non-operating) Financial Expenses (-)	33	(26,143,393)	(24,330,002)
INCOME/LOSS BEFORE TAXES		24,072,073	23,131,212
Taxes from Operating Profit/Loss		(3,895,549)	(5,058,398)
- Income/Expense Tax for the period	35	(5,222,844)	(3,482,243)
- Deferred Tax Income/Expense		1,327,295	(1,576,155)
NET OPERATING PROFIT/LOSS		20,176,524	18,072,814
DISCONTINUED OPERATIONS		0	0
Net Income / (Loss) after Tax of Discontinued Operations		0	0
NET INCOME/(LOSS) FOR THE PERIOD		20,176,524	18,072,814
Other comprehensive income / (loss)			
Change in currency conversion difference		98,133	(17,209)
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		98,133	(17,209)
OTHER COMPREHENSIVE INCOME / (LOSS)		20,274,657	18,055,605
Distribution of Income/(Loss)			
Minority Interest	27	120,817	(55,698)
Parent Company's Share		20,055,707	18,128,512
Dispersal of Total Comprehensive Income / (Loss)			
Minority interest	27	120,817	(55,698)
Parent Company's share		20,153,840	18,111,303
Earnings Per Share	36	0.1097	0.0982
Earnings Per Share from Operating Activities	36	0.1097	0.0982

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CHANGES IN THE SHAREHOLDERS' EQUITY STATEMENTS (TRY)
(XI-29 CONSOLIDATED)

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 2009	184,000,000	4,297,919	(389,247)	485,133	35,651,430	(11,267,858)	212,777,377	(188,376)	212,589,001
Transfer from retained earning	0	0	0	0	(11,267,858)	11,267,858	0	0	0
Paid in capital of minority	0	0	0	0	0	0	0	2,500,000	2,500,000
Smyrna consolidation effect	0	0	0	0	(465,483)	0	(465,483)	(122,495)	(587,978)
Foreign currency conversion difference	0	0	(17,209)	0	0	0	(17,209)	(1,716)	(18,925)
Net income/loss for the period	0	0	0	0	0	18,128,512	18,128,512	(55,698)	18,072,814
Balances at 31 December 2009	184,000,000	4,297,919	(406,456)	485,133	23,918,089	18,128,512	230,423,197	2,131,715	232,554,912
Transfer from retained earning	0	533,135	0	0	17,595,377	(18,128,512)	0	0	0
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
Net income/loss for the period	0	0	0	0	0	20,055,707	20,055,707	120,817	20,176,524
Balances at 31 December 2010	184,000,000	4,831,054	(308,323)	485,133	42,558,269	20,055,707	251,621,840	2,252,788	253,874,628

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CASH FLOW STATEMENTS (TRY)
(XI-29 CONSOLIDATED)

	Footnote References	Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
Net period income/loss		20,176,524	18,072,814
Adjustments to reconcile net income before taxation			
to net cash from operating activities:			
Amortization and depreciation expense	18-19	14,043,233	14,254,513
Changes in provision for employee	24	1,026,070	93,203
Change in deferred tax assets / liabilities	35	(1,327,295)	1,576,155
Accrual of interest expense	8	234,261	272,330
Provision for doubtful receivables	10	120,887	91,598
Unearned interest on receivables	10	515,535	1,062,509
Unearned interest on payables	10	1,123,280	687,871
Changes in provision for taxes	35	1,740,601	3,467,677
Net cash from operating activities			
before changes in operating assets and liabilities:		37,653,096	39,578,670
Changes in trade receivables	10	181,556	(4,373,221)
Changes in other receivables	11	(29,836,390)	(7,410,378)
Changes in inventories	13	(4,342,183)	22,251,834
Changes in biological assets	14	(478,849)	(1,323,638)
Changes in other current assets	26	(5,104,005)	1,426,896
Changes in other non-current assets	26	6,367	(169,778)
Changes in trade payables	10	(5,843,513)	(8,493,510)
Changes in other payables	11	6,839,406	178,733
Changes in provisions of liability	22	(1,965)	(148,804)
Changes in other current liabilities		(11,356)	32,146
Net cash provided by operating activities		(937,836)	41,548,950
Investing activities			
Purchases tangible and intangible fixed assets, net	18-19	(2,689,489)	(1,834,072)
Changes in minority interest		9,785	2,375,789
		(2,679,704)	541,717
Financing activities			
Changes in the investment subject to equity pick-up method	16	(5,431,980)	(12,891,010)
Change in long and short term financial borrowings	8	741,327	(11,826,991)
Conversion differences from unaudited financial statements of Menderes Bulgaria		98,133	(17,209)
Smyrna consolidation effect fixed assets		0	(9,527,796)
Smyrna consolidation effect equity		0	(465,483)
Net cash used by financial activities		(4,592,520)	(34,728,489)
Changes in cash and cash equivalents		(8,210,060)	7,362,178
Cash and cash equivalents at the beginnig of the period		20,077,014	12,714,836
Cash and cash equivalents at the end of the period	6	11,866,954	20,077,014

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

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., ITS SUBSIDIARIES AND INVESTMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2010 AND 2009
(Amounts are in Turkish Lira (TRY) unless indicated otherwise.)

NOTE 1 – ORGANIZATION AND ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“Company”), its Subsidiaries and Investments 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 2010, average 3,522 (01 January – 31 December 2009: 3,577) personnel are employed by the Company.

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

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 27 November 2007, numbered 235 and valid until 03 December 2010, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day:

Products	Unit	Total
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., ITS SUBSIDIARIES AND INVESTMENTS
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Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 25 March 2009, numbered 50 and valid until 27 March 2012, 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 İzmir. 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.

Product	Unit	Total
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 20010, average 49 personnel are employed in the Company (01 January – 31 December 2009: 39 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., ITS SUBSIDIARIES AND INVESTMENTS
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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 has 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.

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, 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.

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., ITS SUBSIDIARIES AND INVESTMENTS
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(Amounts are in Turkish Lira (TRY) unless indicated otherwise.)

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 03 March 2011. 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.

Comparative Information and Previous Periods Adjustments

When it necessitates, there have been reclassifications to be compared with current period consolidated financial statements presentation.

For the purpose of conducting a comparison of financial position and performance trend, Group’s consolidated financial statements are prepared comparative with previous periods. Group has prepared consolidated balance sheets comparing 31 December 2010 and 31 December 2009, income statements, changes in shareholders’ equity and cash flow statements are compared with the period of 01 January -31 December 2009 and period of 01 January -31 December 2010.

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., ITS SUBSIDIARIES AND INVESTMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 2010	31 December 2009
	<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 2010 and 2009, capital structures of the subsidiaries and equity participations are as following:

Menderes Bulgaria Ltd. (Subsidiary)

	31 December 2010	31 December 2009
	<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 2010	31 December 2009
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.2	79.2
Cemal İpekoğlu	20.4	20.4
Ali Atlamaz	0.0	0.0
Rıza Akça	0.1	0.1
Dilek Göksan	0.1	0.1
Akça Holding A.Ş.	0.2	0.2
	100.0	100.0

According to Board of Director's decision numbered 2009/14 and dated 08.04.2009, Group decided to affiliate 9,500,000 TRY (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 2010	31 December 2009
	<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 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 2010	31 December 2009
	<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
Nermin Akça	0.0	0.3
Rıza Akça	4.5	4.4
Ahmet Bilge Göksan	1.0	1.0
Dilek Göksan	4.5	4.3
	100.0	100.0

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

	31 December 2010	31 December 2009
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.0	48.0
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
Nihat Zeybekçi	49.5	49.5
	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.

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Group has announced with disclosure dated 04 July 2008 that negotiating to increase capital ratio of 8% in Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. to 48% by acquiring shares with nominal value of TRY 1 which is valued with USD 68,00 equivalent to TRY 84,32 by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29 June 2008; it has been decided with consensus to be bought 297,000 shares from Akça Holding A.Ş., 344,000 from Rıza Akça'dan, 359,000 from Dilek Göksan, 100,000 from Cemal İpekoğlu and 100,000 from Ali Atlamaz; the payments will be done by deductions from existing current accounts and remaining amounts must be paid at latest on 31 December 2009. Payment for 1,200,000 shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. is TRY 101,184,000 will be deducted from the payables of group companies and shareholders which is TRY 82,902,992 on 04 July 2008. After deduction, the remaining payables have been paid of during 2008 and 2009 periods.

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 2010 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.

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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 by TRY 1,044,803 amounted deferred tax income. As of 31 December 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.

2.d. Adoption of New and Revised International Financing Reporting Standards

Group has applied the and revised standards and interpretations of the International Accounting Standards Committee (IASC) published by International Financial Reporting Interpretations Committee (IFRIC) of IASC for the interim financial statements dated 31 December 2010, for the related to its business activities, in the current fiscal period. If these standards and interpretations have effect on the Company's performance and financial condition, they are indicated in the related paragraphs.

New standards, amendments and explanations for the dated 31 December 2010 year ended financial statements:

Revised IAS 1, the International Accounting Standards Board (IASB) issued two narrow amendments to IFRS 1 on 20 December 2010.

IFRS 7 "Financial Instruments" is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. The amendment is effective for annual periods beginning on or after 1 January 2011.

IFRS 7 "Financial Instruments" is amended to will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment is effective for the periods beginning on or after 1 July 2011.

IFRIC 13 "Customer Loyalty Programmes - Fair Value of Award Credit" The amendment is effective for annual periods beginning on or after 1 January 2011.

IAS 34 "Interim Financial Reporting - Significant Events and Transactions" The amendment is effective for annual periods beginning on or after 1 January 2011.

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IAS 27 “Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of IAS 27 (2008) to IAS 21, IAS 28 and IAS 31” Consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures (as a result of prior amendments to IAS 27) to be applied prospectively, except for the amendments to IAS 28 and IAS 31 that solely are the result of renumbering in IAS 27 (2008). The amendment is effective for annual periods beginning on or after 1 January 2011.

IFRS 9 “Financial Instruments”; IAS 39 Financial Instruments: Recognition and Measurement. The amendment is effective for annual periods beginning on or after 1 January 2013, although entities are permitted to adopt them earlier Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2013.

Amendments to IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The amendment is effective for annual periods beginning on or after 1 January 2011 and earlier application is permitted.

IASB issued interpretations about prepayments of a minimum funding (interpretations for IFRIC 14) on 26 November 2009. The amendments to IFRIC 14, which is itself an interpretation of IAS 19 applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment, Prepayments of a Minimum Funding Requirement, has an effective date for mandatory adoption of 1 January 2011, with early adoption permitted.

The revised IAS 24 “Related Party Disclosures” The amendment is effective for annual periods beginning on or after 1 January 2011.

IAS 12 Income Taxes . The amendment is effective for annual periods beginning on or after 1 January 2012 and earlier application is permitted. None of these will have significant impact on the financial statements of the Company.

The implementation of the above standards and comment on future periods will not have a significant impact on the Group's financial statements are considered.

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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.

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Property, Plant and Equipment

Tangible 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 depreciation.

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 in balance 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.

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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.

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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.

All the methods and estimations used in order to set the appropriate current value of the financial instruments are summarized in the following.

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 Equivalents:

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.

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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.

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 1998. Head quarter of the company is in Denizli and its main activity is to supply the electricity.

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 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.

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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.

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.

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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.

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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 2010	31 December 2009
USD	1.5460	1.5057
EUR	2.0491	2.1603
GBP	2.3886	2.3892
SEK	0.22619	0.20822
CHF	1.6438	1.4492

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.

Accounting Policies, Changes in the Expectations and Mistakes

Important changes and important mistakes in the accounting policies are applied retrospectively and previous financial statements are reordered. The changes of accounting estimations are applied forward, if it encloses just one period, in the current period as the changes are done, if it encloses future periods, in the current period as the changes are done also in the future periods.

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.

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Term Difference Financial Income / Expense

Term difference financial expense represents imputed finance expense on credit purchases. Such expense calculated by using the effective interest method are recognized as financial expenses over the period of credit purchases, and included under financial expenses. Term differences, financial income represents imputed finance income on credit sales. Such income calculated by using the effective interest method are recognized as financial income over the period of credit sale and included interest income account under financial income.

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.

2.f. Important Accounting Evaluation, Expectations and Assumptions

There is no important accounting evaluation, expectation and assumption that can effect the attached financial statements.

NOTE 3 – BUSINESS MERGERS

On 09 April 2009, Group increased its capital in Smyrna Seracılık Ticaret A.Ş. from TRY 50,000 to TRY 12,000,000 in ordinary general meeting. Due to this capital increase, Smyrna Seracılık Ticaret A.Ş. has become a subsidiary of the Group. Hence “Full Consolidation Method” is applied to Smyrna Seracılık Ticaret A.Ş..

NOTE 4 – BUSINESS PARTNERSHIP

None (31 December 2009 – None).

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NOTE 5 – SEGMENT REPORTING

31 December 2010	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS				
Cash and Cash Equivalents	11,834,688	32,266	-	11,866,954
Trade Receivables	25,889,216	354,375	-	26,243,591
Other Receivables	68,986,191	457,540	(433,208)	69,010,523
Inventories	56,085,339	148,865	-	56,234,204
Biological Assets	-	1,802,487	-	1,802,487
Other Current Assets	10,111,682	1,097,408	-	11,209,090
Current Assets	172,907,116	3,892,941	(433,208)	176,366,849
Investments Valued With Equity Method	128,763,077	-	(9,500,000)	119,263,077
Other Receivables	6,322	3,126	-	9,448
Tangible Assets	79,688,898	9,359,615	-	89,048,513
Intangible Assets	208,140	1,692	-	209,832
Deferred Tax Asset	4,120,107	107,254	(84,825)	4,142,536
Non Current Assets	-	163,411	-	163,411
Non-Current Assets	212,786,544	9,635,098	(9,584,825)	212,836,817
TOTAL ASSETS	385,693,660	13,528,039	(10,018,033)	389,203,666
LIABILITIES				
Financial Borrowings	65,727,284	1,023,962	-	66,751,246
Trade Payables	40,103,164	311,086	-	40,414,250
Other Payables	15,776,102	400,727	(433,208)	15,743,621
Corporation Tax Payables	5,221,590	1,254	-	5,222,844
Provisions for Liabilities	193,228	-	-	193,228
Other Current Liabilities	14,040	6,750	-	20,790
Current Liabilities	127,035,408	1,743,779	(433,208)	128,345,979
Financial Borrowings	1,664,323	-	-	1,664,323
Trade Payables	212,492	-	-	212,492
Severance Pay Provision	4,070,073	16,934	-	4,087,007
Deferred Tax Liabilities	1,015,589	88,473	(84,825)	1,019,237
Non-Current Liabilities	6,962,477	105,407	(84,825)	6,983,059
Paid in Capital Share	184,000,000	12,000,000	(12,000,000)	184,000,000
Inflation Adjustments Difference in Shareholders' Equity	485,133	-	-	485,133
Foreign Currency Conversion Differences	(308,323)	-	-	(308,323)
Profit Reserves	4,829,169	1,885	-	4,831,054
Retained Earnings	43,273,503	(902,956)	187,722	42,558,269
Net Period's Profit / (Loss)	19,596,600	579,924	(120,817)	20,055,707
Minority Interest	(180,307)	-	2,433,095	2,252,788
SHAREHOLDERS' EQUITY	251,695,775	11,678,853	(9,500,000)	253,874,628
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	385,693,660	13,528,039	(10,018,033)	389,203,666

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31 December 2010	Textile Sector	Agricultural Sector	Elimination	Total
Sales	299,768,274	3,267,181	(1,255)	303,034,200
Cost of Sales (-)	(261,278,080)	(2,294,912)	1,170	(263,571,822)
Marketing, Sales and Distribution Expenses (-)	(5,379,140)	(91,220)	-	(5,470,360)
General Administrative Expenses (-)	(5,063,150)	(234,105)	85	(5,297,170)
Other Operating Income	1,893,625	89,422	-	1,983,047
Other Operating Expenses (-)	(12,959,041)	(107,090)	-	(13,066,131)
Shares of Investments Valued with Equity Method	5,431,980	-	-	5,431,980
(Non-operating) Financial Income	27,096,054	167,883	(92,215)	27,171,722
(Non-operating) Financial Expenses (-)	(26,052,641)	(182,967)	92,215	(26,143,393)
- Income/Expense Tax for the period	(5,221,590)	(1,254)	-	(5,222,844)
- Deferred Tax Income/Expense	1,360,309	(33,014)	-	1,327,295
Net Income/(Loss) For the Period	19,596,600	579,924	-	20,176,524

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NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2010 and 2009, details of cash and cash equivalents are as following:

	31 December 2010	31 December 2009
Cash	25,843	24,261
Banks	11,732,710	19,995,691
Demand deposits	1,126,771	6,456,857
Time deposits	10,605,939	13,538,834
Interest accruals for banks	108,401	57,062
	11,866,954	20,077,014

As of 31 December 2010 and 2009, Group's time deposits over three months, if desired it classified to cash and cash equivalents with balance sheet value.

As of 31 December 2010 and 2009, maturity schedule of time deposits in the cash and cash equivalents are as following:

	31 December 2010	31 December 2009
1 month	4,327,050	10,753,291
1-3 months	1,877,900	903,420
3-12 months	4,400,989	1,882,123
	10,605,939	13,538,834

As of 31 December 2010, effective interest rates of time deposits in TRY and USD are as following: 8.92% and 2.54% (31 December 2009: for TRY 9.68%, for USD 3.53%, and for EUR 3.44%). As of 31 December 2010, maturity date of time deposits is 105 days (31 December 2009 : 85 days). Amount of these time deposits are TRY 3,584,480 (31 December 2009: TRY 5,220,173), TRY 7,021,459 equivalent to USD (31 December 2009: TRY 7,778,586 equivalent to USD, and TRY 540,075 equivalent to EUR).

NOTE 7 – FINANCIAL INVESTMENTS

Current Financial Investments

None (31 December 2009 – None).

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Non-current financial investments

As of 31 December 2010 and 2009, details of non-current financial investments are as follows:

Investment	31 December 2010	Share (%)	31 December 2009	Share (%)
Menderes Lojistik Depo Hizmetleri Taş. A.Ş.	-	-	675,000	45
Unpaid capital	-		(675,000)	
	-		-	

Menderes Lojistik Depo Hizmetleri Taşımacılık A.Ş. was established in 2006 and is not consolidated in the accompanying financial statements since its operation has not started yet at the date 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 8 – FINANCIAL BORROWINGS

	31 December 2010	31 December 2009
Short-term bank borrowings	56,522,109	50,247,033
Other financial borrowings (factoring borrowings)	7,627,520	9,245,463
Short-term lease payables, net	590,809	1,087,781
Current maturity of long-term borrowings	1,776,547	2,336,905
Accrued interest of bank borrowings	234,261	272,330
Total short-term financial borrowings	66,751,246	63,189,512
Long-term bank borrowings	1,530,709	3,486,734
Long-term financial leasing borrowings, net	133,614	763,735
Total long-term financial borrowings	1,664,323	4,250,469
Total financial liabilities	68,415,569	67,439,981

As of 31 December 2010, TRY, USD, EUR and SEK bank loans, effective interest rates are as following; 0%, 2.96%, 3.69% and 5.70% (31 December 2009: TRY - 10.47%, USD - 4.38%, EUR - 5.37% and GBP 2.75%.

Group has deposit mortgages amount of USD 4,500,000 (equivalent to TRY 6,957,000) for bank loans used from Şekerbank T.A.Ş..

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Maturity analysis of the bank loans and other financial borrowings as of 31 December 2010 and 2009 are as following:

	31 December 2010	31 December 2009
0-3 months	40,284,415	29,347,916
3-12 months	25,641,761	32,481,485
1-5 years	1,530,709	3,486,734
	67,456,885	65,316,135

As of 31 December 2010 and 2009, maturity schedule of long-term bank borrowings are as following:

	31 December 2010	31 December 2009
1-2 years	1,530,709	1,872,958
2-3 years	-	1,613,776
	1,530,709	3,486,734

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

Currency	FX Amount	FX 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

As of 31 December 2009 details of total bank borrowings and other financial borrowings are as follows:

Currency	FX Amount	FX Rate	TRY Equivalent
TRY	4,378,258	1.0000	4,378,258
USD	27,203,487	1.5057	40,960,290
EUR	8,806,162	2.1603	19,023,952
GBP	399,144	2.3892	953,635
Total			65,316,135

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As of 31 December 2010 and 2009, details of financial leasing borrowings of Group are as follows:

Short-term financial leasing borrowings:

	31 December 2010	31 December 2009
Short term lease payables	620,248	1,194,412
Cost of deferred lease payables (-)	(29,439)	(106,631)
	590,809	1,087,781

Long term lease payables:

	31 December 2010	31 December 2009
Long term lease payables	137,668	799,045
Cost of deferred lease payables (-)	(4,054)	(35,310)
	133,614	763,735

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

Maturity schedule of lease payables as of 31 December 2009 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within a year	1,194,412	(106,631)	1,087,781
Payables within 1 – 2 years	653,907	(31,036)	622,871
Payables within 2 – 3 years	144,955	(4,091)	140,864
Payables within 3 – 4 years	183	(183)	-
	1,993,457	(141,941)	1,851,516

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is USD 71,350,000 (equivalent to TRY 110,307,100), EUR 5,140,426 (equivalent to TRY 10,533,247) and TRY 85,755,000.

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NOTE 9 – OTHER FINANCIAL LIABILITIES

Other Short –Term Financial Liabilities

None (31 December 2009 – None).

Other Long-Term Financial Liabilities

None (31 December 2009 – None).

NOTE 10 – TRADE RECEIVABLES AND TRADE PAYABLES

Short-Term Trade Receivables

As of 31 December 2010 and 2009, details of trade receivables are as following:

	31 December 2010	31 December 2009
Trade receivables	25,006,337	22,615,061
Unearned interest on trade receivables	(35,946)	(194,137)
Cheques and notes receivable	245,871	406,092
Unearned interest on notes receivables	-	(6,397)
Receivables from related parties (Note 37-i-a)	1,303,183	4,395,917
	26,519,445	27,216,536
Provision for doubtful trade receivables (-)	(275,854)	(154,967)
Short-term trade receivables	26,243,591	27,061,569

As of 31 December 2010, Group has TRY 950,000 guarantee given as a provision for receivables.

Maturity schedule of notes receivables as of 31 December 2010 and 2009 are as following:

	31 December 2010	31 December 2009
1-30 days	147,883	227,243
31-60 days	-	78,948
61-90 days	97,988	47,901
91-120 days	-	18,000
121-150 days	-	34,000
	245,871	406,092

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As of 31 December 2010 and 2009, movement of provision for doubtful receivables is as following:

	31 December 2010	31 December 2009
Opening balance	154,967	502,617
Collections	-	(420,943)
Provision for the period	120,887	91,598
Collection within the period	-	(18,305)
Closing balance	275,854	154,967

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

	31 December 2010	31 December 2009
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	90,057	413,706
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,022,217	3,744,181
Menderes Tekstil Pazarlama A.Ş.	190,909	238,030
	1,303,183	4,395,917

Long-Term Trade Receivables

None (31 December 2009 – None).

Short-Term Trade Payables

As of 31 December 2010 and 2009, details of trade payables to related parties are as following:

	31 December 2010	31 December 2009
Trade payables	21,380,610	26,202,143
Unearned interest on trade payables	(861,085)	(442,459)
Due to related parties (Note 37-i-b)	15,723,630	13,715,221
Notes payables	4,226,756	5,380,088
Unearned interest on notes payables	(61,661)	(37,130)
Deposits and guarantees received	6,000	-
	40,414,250	44,817,863

As of 31 December 2010, bank has given guarantees for trade payables of USD 852,871 (TRY 1,318,539) and EUR 671,124 (TRY 1,375,201).

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Maturity schedule of notes payable as of 31 December 2010 and 2009 are as following:

	31 December 2010	31 December 2009
1 – 30 days	1,575,479	1,566,503
31 – 60 days	1,557,237	1,324,742
61 – 90 days	1,094,040	61,101
91 – 120 days	-	1,116,645
121 – 150 days	-	996,308
151 – 180 days	-	174,010
181 – 210 days	-	140,779
	4,226,756	5,380,088

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

	31 December 2010	31 December 2009
Selin Tekstil Sanayi ve Ticaret A.Ş.	4,338,609	3,249,280
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	10,777,101	10,008,231
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	19,625
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	607,920	438,085
	15,723,630	13,715,221

Non-current trade payables

	31 December 2010	31 December 2009
Trade payables	212,492	529,112
	212,492	529,112

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NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

As of 31 December 2010 and 2009, details of other current receivables of Group are as following:

	31 December 2010	31 December 2009
Deposit and guarantees given	101,439	127,885
Due from shareholders (Note 37-i-d)	24,332	255,497
Due from related parties (Note 37-i-c)	66,845,742	36,650,536
Sundry debtors	2,039,010	2,149,663
	69,010,523	39,183,581

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 2010	31 December 2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	66,317,083	36,442,278
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	301,866	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	147,438	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	79,355	208,258
	66,845,742	36,650,536

As of 31 December 2010 and 2009, 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.-31.12.2010 1.324% interest rate is used, for 01.01.-31.12.2009, it is 2%, and with TRY balances; for the period 01.01.-31.12.2010, it is 16%, for 01.01.-08.04.2009, it is 25%, for 09.04.-30.06.2009, it is 19%, for 13.06.-21.12.2009, it is 18%, for 22.12.-31.12.2009, it is 15%. Income from these transactions is presented in Note 37 iii-d.

As of 31 December 2010, the Group has non-trade receivables of USD 42,895,914 (TRY 66,317,083), (31.12.2009: USD 24,202,881) from Osman Akça Tarım Ürünleri A.Ş.

As of 31 December 2010, non-trade receivables from related companies comprise 37.90% of total current assets and 17.18% of total assets. (It composes 25.17% of the total current assets and 10.10% of total assets as of 31 December 2009) (Note 37-i-c).

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

	31 December 2010	31 December 2009
Rıza Akça	-	184,446
Cemal İpekoğlu	24,332	-
Ahmet Bilge Göksan	-	71,051
	24,332	255,497

Other non-current receivables

	31 December 2010	31 December 2009
Deposits given and guarantees	9,448	-
	9,448	-

Other current payables

As of 31 December 2010 and 2009, details of other current payables of Group are as following:

	31 December 2010	31 December 2009
Taxes and funds payable	425,860	397,066
Social security deductions payable	530,126	439,287
Due to personnel	1,380,775	1,201,744
Advances received	10,222,826	5,681,719
Due to shareholders (Note 37-i-e)	2,746,662	61,636
Other sundry payables	1,949	-
Due to subsidiaries (Note 37-i-f)	435,423	1,122,763
	15,743,621	8,904,215

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

	31 December 2010	31 December 2009
Rıza Akça	2,367,973	36,701
Ali Atlamaz	20,600	24,935
Cemal İpekoğlu	8,173	-
Ahmet Bilge Göksan	349,464	-
Dilek Göksan	452	-
	2,746,662	61,636

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

	31 December 2010	31 December 2009
Akça Holding	434,589	1,122,763
Osman Akça A.Ş.	834	-
	435,423	1,122,763

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

	31 December 2010	31 December 2009
Menderes Tekstil Pazarlama A.Ş.	9,636,157	5,552,652
	9,636,157	5,552,652

Other non-current payables

None (31 December 2009 – None).

NOTE 12 – RECEIVABLES AND PAYABLES FROM 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 2010	31 December 2009
Raw materials	36,337,992	30,497,868
Work in progress	14,334,347	15,902,809
Finished goods and merchandises	5,291,353	5,290,876
Other inventories	270,512	200,468
	56,234,204	51,892,021

The Group's inventories were insured for TRY 194,306,000.

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NOTE 14 – BIOLOGICAL ASSETS

Current biological assets

	31 December 2010	31 December 2009
Tomatoes	1,802,487	1,323,638
	1,802,487	1,323,638

Group's biological assets consist of tomatoes.

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.

As of 31 December 2010, biological assets were insured for TRY 3,261,000.

Non-current biological assets

None (31 December 2009 – None).

NOTE 15 – RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None (31 December 2009 – None).

NOTE 16 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD

As of 31 December 2010 and 2009, 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% consecutively.

	31 December 2010	Share (%)	31 December 2009	Share (%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	1,936,185	20	1,995,116	20
Menderes Tekstil Pazarlama A.Ş.	7,119,281	45	4,382,996	45
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	110,207,611	48	107,452,985	48
	119,263,077		113,831,097	

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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 2010 and 2009 are as following:

	31.12.2010	31.12.2009
Current Assets	10,895,093	10,183,312
Non-current Assets	3,565,184	3,685,106
Total Assets	14,460,277	13,868,418
Current liabilities	4,705,920	3,260,156
Non-current liabilities	73,431	632,682
Shareholders' equity	9,680,926	9,975,580
Total Equities	14,460,277	13,868,418
Sales, net	61,946	128,088
Cost of sales	(452,088)	(463,504)
Net profit / (loss)	(294,654)	1,190,555

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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 2010 and 2009 are as following:

	31.12.2010	31.12.2009
Current Assets	16,252,363	9,657,318
Non-current Assets	1,218,512	1,248,094
Total Assets	17,470,875	10,905,412
Current liabilities	1,585,198	1,119,568
Non-current liabilities	65,053	45,854
Shareholders' equity	15,820,624	9,739,990
Total Equities	17,470,875	10,905,412
Sales, net	38,180,334	28,124,052
Cost of sales	(30,820,178)	(23,148,106)
Net profit / (loss)	6,081,177	3,499,327

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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 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.

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 2010 and 2009 are as following:

	31.12.2010	31.12.2009
Current Assets	12,554,913	14,270,807
Non-current Assets	409,573,875	422,876,911
Total Assets	422,128,788	437,147,718
Current liabilities	17,486,466	26,791,320
Non-current liabilities	175,043,132	186,496,013
Shareholders' Equity	229,599,190	223,860,385
Total Equities	422,128,788	437,147,718
Sales, net	118,095,514	111,297,241
Cost of sales, net	(100,288,883)	(93,268,377)
Net profit / (loss)	11,151,919	9,682,018

In the period of 01.01. – 31 December 2010, net profit from investments valued with equity pick-up method is TRY 5,047,680 (31 December 2009: TRY 9,183,010).

	Share in capital (%)	Restated Shareholders' Equity	Restated Participation Amount	Net Profit/Loss
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	20	9,680,926	7,119,281	6,681,279
Menderes Tekstil Pazarlama A.Ş.	45	15,820,624	1,936,185	1,890,678
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	48	229,599,190	110,207,611	5,075,611
			119,263,077	13,647,568
Previous period effect				(8,215,588)
				5,431,980

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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 June 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 22,864,771 (31 December 2009: TRY 23,495,173) 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 5,075,611 (31 December 2009: TRY 2,320,985) in consolidation.

NOTE 17 – INVESTMENT PROPERTY

None (31 December 2009 – None).

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NOTE 18 – TANGIBLE FIXED ASSETS

Cost	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2009 opening balance	2,088,390	49,272,178	191,812,194	977,728	5,512,353	-	249,662,843
Additions	833	38,000	404,565	450,620	133,652	758,515	1,786,185
Disposals	-	-	-	(207,834)	-	-	(207,834)
Transfers	607,700	-	150,815	-	-	(758,515)	-
Smyrna consolidation effect	7,762,827	16,480	1,793,089	-	6,206	-	9,578,602
31 December 2009 closing 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 2010 closing balance	10,459,750	49,335,758	196,089,000	1,523,950	5,754,712	180,084	263,343,254
Accumulated depreciation							
01 January 2009 opening balance	197,655	9,020,019	132,653,526	905,643	3,603,301	-	146,380,144
Additions	458,348	986,280	12,358,265	47,334	369,542	-	14,219,769
Disposals	-	-	-	(207,640)	-	-	(207,640)
Smyrna consolidation effect	28,432	220	22,206	-	177	-	51,035
31 December 2009 closing 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
Net Book Value as of 31 December 2009	9,775,315	39,320,139	49,126,666	475,177	1,679,191	-	100,376,488
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

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As of 31 December 2010, the depreciation expense of tangible fixed assets for the fiscal period is TRY 14,004,997 (31 December 2009: TRY 14,219,769).

As of 31 December 2010, fixed assets were insured for TRY 114,775,026, CHF 2,300,000 (TRY 3,780,740) and EURO 1,229,000 (TRY 2,518,344). As of 31 December 2009, fixed assets were insured for TRY 154,764,298 , CHF 2,300,000 (TRY 3,333,160) and EURO 3,800,000 (TRY 8,209,140).

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is USD 71,350,000 (TRY 110,307,100), EUR 5,140,426 (TRY 10,533,247) and TRY 85,755,000.

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NOTE 19 – INTANGIBLE FIXED ASSETS

Cost	Other intangible fixed assets
01 January 2009 opening balance	325,363
Additions	48,081
Disposals	254
31 December 2009 closing balance	373,698
Additions	12,467
31 December 2010 closing balance	386,165
Accumulated Depreciation	
01 January 2009 opening balance	103,328
Additions	34,744
Smyrna consolidation effect	25
31 December 2009 closing balance	138,097
Additions	38,236
31 December 2010 closing balance	176,333
Net Book Value as of 31 December 2009	235,601
Net Book Value as of 31 December 2010	209,832

As of 31 December 2010, the amortization expense of intangible fixed assets for the fiscal period is TRY 38,236 (31 December 2009: TRY 34,744).

NOTE 20 – GOODWILL

None (31 December 2009 – None).

NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

Group has an income of TRY 955,014 due to Law numbered 4857, Social Security Institution (31 December 2010: TRY 793,536) (Note 31)

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NOTE 22 – PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Short Term Provisions, Commitments and Contingent Liabilities

	31 December 2010	31 December 2009
Provision for the court cases	193,228	195,193
	193,228	195,193

Long term provisions, commitments and contingent liabilities

None (31 December 2009 – None).

NOTE 23 – COMMITMENTS

As of 31 December 2010 and 2009, guarantess/security/mortgage position of Group are as following:

Guarantees, security and mortgage (GSM) given by the Group	31.12.2010	31.12.2009
A. Total Amount of GSM given on behalf of legal entity	295,446,696	225,375,001
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	--	--
D. Total Amount of other GSM given	--	--
<i>i. Total Amount of GSM given for the Parent Company</i>	189,326,950	149,064,300
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	150,063,396	146,151,653
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	--	--
Total	634,848,502	520,602,414

Ratio of other GSM given by the Group to Shareholders' Equity as of 31 December 2010 (31 December 2009: 127%) is 134%.

Group has given joint and collective guarantee at most USD 5,565,585 (TRY 8,604,396) for the financial leasing agreement of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. signed with İş Finansal Kiralama A.Ş. (31 December 2009: USD 5,565,586 (TRY 8,380,103)).

Total amount of guarantee given by Group on behalf of related parties for bank loans is USD 91,500,000 (TRY 141,459,000) (31 December 2009: USD 91,500,000 equivalent to TRY 137,771,550). Total amount of guarantee given by related parties on behalf of Group for bank loans is USD 99,000,000 (equivalent to TRY 153,054,000) (31 December 2009: USD 99,000,000 equivalent to TRY 149,064,300).

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As of 31 December 2010, the guarantee of general loan agreement with the amount of TRY 8,500,000, USD 12,000,000 (TRY 18,552,000) and EURO 4,500,000 (TRY 9,220,950) is given relating to the loans of Menderes Tekstil Sanayi ve Ticaret A.Ş. by group companies and shareholders. Also, as of 31 December 2010, Menderes Tekstil Sanayi ve Ticaret A.Ş. gives guarantee to general loan agreement corresponding loans for TRY 8,500,000, USD 12,000,000 (TRY 18,552,000) and EURO 4,500,000 (TRY 9,220,950).

As of 31 December 2010, 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	-	-	71,655,000
Türkiye Vakıflar Bankası T.A.O.	USD	62,850,000	1.5460	97,166,100
World Vakıf of Shore Bank	TRY	-	-	12,500,000
Vakıf Finansal Kiralama A.Ş.	USD	8,500,000	1.5460	13,141,000
Vakıf Finansal Kiralama A.Ş.	EURO	5,140,426	2.0491	10,533,247
Türkiye Finans Katılım Bankası A.Ş.	TRY	-	-	1,600,000
T.C Ziraat Bankası A.Ş.	TRY	-	-	2,000,000
				208,595,347

Total amount of mortgage on lands and buildings of the company given to financial institutions is USD 71,350,000 (TRY 110,307,100), EUR 5,140,426 (TRY 10,533,247), and TRY 85,755,000.

Guarantee Letters Given	FX type	TRY Equivalent
Electricity suppliers	TRY	1,673,000
Custom authorities	TRY	77,667
Execution office	TRY	16,100
Natural gas suppliers	TRY	5,055,000
Tax office	TRY	224,250
Private establishments	TRY	11,460
Other	TRY	44
		7,057,521

Bank Details of Guarantee Letters Given	FX type	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	5,417,241
Türkiye Finans Katılım Bankası A.Ş.	TRY	628,000
ING Bank A.Ş.	TRY	820
Alternatif Bank A.Ş.	TRY	1,000,000
Tekstil Bankası A.Ş.	TRY	11,460
		7,057,521

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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	2,000,000	1.5460	3,092,000
					3,092,000

Guarantee Notes Given	Bank name	FX type	FX amount	FX rate	TRY Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	5,000,000	1.5460	7,730,000
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	5,000,000	1.5460	7,730,000
Şekerbank T.A.Ş.	Şekerbank T.A.Ş.	USD	8,000,000	1.5460	12,368,000
Şekerbank T.A.Ş.	Şekerbank T.A.Ş.	EURO	2,000,000	2.0491	4,098,200
Şekerbank T.A.Ş.	Şekerbank T.A.Ş.	TRY	8,500,000	1.0000	8,500,000
					40,426,200

Deposits Given	Bank name	FX type	FX amount	FX rate	TRY Equivalent
Dsv Hava ve Deniz Taşımacılığı A.Ş.	Şekerbank T.A.Ş.	TRY	2,000	1.0000	2,000
Catoni Interlink	Şekerbank T.A.Ş.	TRY	6,000	1.0000	6,000
Kühne & Nagel Nakl.Ltd.Sti.	Şekerbank T.A.Ş.	TRY	1,500	1.0000	1,500
Riva Denizcilik Taşımacılık Ltd.	Şekerbank T.A.Ş.	USD	3,000	1.5460	4,638
					14,138

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 2010, bank has given guarantees for trade payables of USD 852,871 (TRY 1,381,539) and EUR 671,124 (TRY 1,375,201).

Group has deposit mortgages amount of USD 4,500,000 (TRY 6,957,000) for bank loans used from Şekerbank T.A.Ş..

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NOTE 24 – SEVERANCE PAY PROVISION

	31 December 2010	31 December 2009
Provision for severance pay	4,087,007	3,060,937
	4,087,007	3,060,937

For the period 01 January – 31 December 2010, average personnel number including subcontractors employed by the Group is 3,571.

The taken rate of retirement probability is 98%.

For the period ended 31 December 2010 and 2009, the movement schedule of severance pay provision is as following;

	31 December 2010	31 December 2009
Balance of 1 January	3,060,937	2,967,734
Severance pay provision for the period	2,612,255	2,587,318
Severance pay that are paid in the period	(1,586,185)	(2,494,115)
Balance at the end of the period	4,087,007	3,060,937

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NOTE 25 – RETIREMENT PLANS

None (31 December 2009 – None).

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

Other current assets

As of 31 December 2010 and 2009, details of other current assets are as following:

	31 December 2010	31 December 2009
Order advances given	2,872,137	459,160
Prepaid expenses	391,605	503,708
Income accruals	12,863	-
VAT carried forward	3,125,969	1,341,964
VAT receivables	1,741,681	1,655,764
Prepaid taxes and funds	3,050,826	2,144,489
Forward exchange income accruals	14,009	-
	11,209,090	6,105,085

Non-current assets

	31 December 2010	31 December 2009
Prepaid expenses	163,411	169,778
	163,411	169,778

Other current liabilities

	31 December 2010	31 December 2009
Expense accruals	20,790	32,146
	20,790	32,146

Expense accruals consist of electricity expenses, right to peace and accrued expenses.

Other non-current liabilities

None (31 December 2009 - None).

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NOTE 27 – SHARE CAPITAL

27.1 Paid in Capital

As of 31 December 2010 and 2009, Group's paid in capital was divided into 184,000,000 shares as each valued at TRY 1 nominally.

As of 31 December 2010 and 2009, Group's paid in capital is as following:

Shareholders:	31 December 2010		31 December 2009	
	Share (%)	TRY	Share (%)	TRY
Publicly quoted	51.93	95,553,791	51.93	95,553,791
Akça Holding A.Ş.	45.68	84,057,127	45.68	84,057,127
Other	2.39	4,389,082	2.39	4,389,082
Total	100.00	184,000,000	100.00	184,000,000

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.

In accordance with number 2010/19 decision made in 27 December 2010, Group decides to increase the registered capital ceiling from TRY 200,000,000 (twohundredmillion) to TRY 250,000,000 (twohundredandfiftymillion), and an application is filed to Capital Markets Board of Turkey.

27.2 Inflation Adjustment Difference in Shareholder's Equity

	31 December 2010	31 December 2009
Inflation adjustment difference in shareholder's equity	485,133	485,133
	485,133	485,133

27.3 Profit Reserves

	31 December 2010	31 December 2009
Legal Reserves	4,831,054	4,297,919
	4,831,054	4,297,919

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.

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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 2010, other profit reserve of TRY 31,559,974 of Parent Company is included in the retained earnings of TRY 42,558,269 (31 December 2009: other profit reserve of TRY 21,466,225 out of TRY 23,918,089).

Minority Interest

Group's minority interest is TRY 120,817 as of balance sheet date (31 December 2009: TRY (55,698)).

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

31 December 2009	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
Menderes Bulgaria	(1,900,920)	-	90%	10%	(190,092)	-
Smryna	11,412,022	(267,353)	79%	21%	2,321,807	(55,698)

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NOTE 28 – SALES AND COST OF SALES

28.1 Sales

	01.01.- 31.12.2010	01.01.- 31.12.2009
Domestic sales	45,118,564	34,892,909
Export sales	257,653,396	240,774,096
Other sales	367,174	88,626
	303,139,134	275,755,631
Sales returns	(95,850)	(945,181)
Sales discounts	(7,530)	-
Other discounts	(1,554)	-
Sales Income, (net)	303,034,200	274,810,450

For the period ended 01 January - 31 December 2010 and 2009, for each main product sales of goods and service amounts are as following:

	Unit	01.01.- 31.12.2010	01.01.- 31.12.2009
Yarn	Kg	54,427	-
Raw fabric	M ²	27,772	-
Finished fabric	M ²	14,916,136	11,932,713
Inter facing undercoat	M ²	22,507,451	18,347,964
Cover, pillow, curtain	Item	15,019,938	14,366,176
Electricity	KWH	4,310,410	9,304,172
Waste cotton	Kg	611,340	900,520
Patch fabric	Kg	5,217,977	2,923,645
Oakum	Kg	675,060	532,820
Waste dust	Kg	232,160	160,560
Grape, fig, apricot	Kg	-	16,840
Bunch tomatoes	Kg	1,391,664	1,230,890
Cucumber	Kg	128	-
Pepper	Kg	26	-
Aubergine	Kg	63	-

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Menderes Tekstil Pazarlama A.Ş.	30,850,971	23,110,181
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	5,996,417	8,848,592
Akça Holding A.Ş.	68,738	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	685,076	646,623
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	10,613	10,250
	37,611,815	32,615,646

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28.2 Cost of Sales

	01.01.- 31.12.2010	01.01.- 31.12.2009
Direct material cost	191,957,451	156,728,020
Direct labor cost	41,219,311	35,796,663
General production overheads	9,258,923	9,016,178
Depreciation expenses	12,531,349	13,112,816
<u>Change in semi-finished goods</u>		
1. Beginning inventory (+)	15,902,809	29,829,072
2. Ending inventory (-)	(14,334,347)	(15,902,809)
Cost of finished goods produced	256,535,496	228,579,940
<u>Change in finished goods inventory</u>		
1. Beginning inventory (+)	5,136,291	6,215,191
2. Ending inventory (-)	(5,096,621)	(5,136,291)
Cost of finished goods sold	256,575,166	229,658,840
<u>Cost of merchandise</u>		
1. Beginning Merchandise Inventory (+)	154,585	221,810
2. Purchases During the Period (+)	4,594,177	3,874,009
3. Ending Merchandise Inventory (-)	(194,732)	(154,585)
Cost of merchandise sold	4,554,030	3,941,234
Cost of other service rendered	230,623	67,646
Cost of biological assets	2,212,003	-
Cost of sales, net	263,571,822	233,667,720

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For the period ended 01 January - 31 December 2010 and 2009, for each main production of goods and service amounts are as following:

	Unit	01.01.- 31.12.2010	01.01.- 31.12.2009
Yarn	Kg	14,540,246	13,549,431
Raw fabric	M ²	127,819,010	112,202,170
Finished fabric	M ²	154,845,962	157,776,863
Inter facing undercoat	M ²	22,338,983	17,523,718
Cover, sheet, pillow, curtain	Item	15,117,033	14,268,681
Electricity	KWH	114,896,000	111,191,500
Waste cotton	Kg	611,340	900,520
Patch fabric	Kg	4,381,524	3,377,940
Oakum	Kg	726,957	532,820
Waste dust	Kg	232,160	160,560
Bunch tomatoes	Kg	1,391,664	1,230,890
Cucumber	Kg	128	-
Pepper	Kg	26	-
Aubergine	Kg	63	-

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	34,898	89,092
Selin Tekstil Sanayi ve Ticaret A.Ş.	19,545,000	17,060,712
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	49,500	-
Akça Holding A.Ş.	57,980	54,556
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	975	-
	19,688,353	17,204,360

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Marketing, sales and distribution expenses	5,470,360	5,749,843
General administrative expenses	5,297,170	4,697,070
	10,767,530	10,446,913

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.- 31.12.2010	01.01.- 31.12.2009
Member of the board of directors	661,882	512,048
	661,882	512,048

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	405,091	362,457
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	298,397	370,124
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	706,184	773,179
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	914	-
	1,410,586	1,505,760

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NOTE 30 – OPERATING EXPENSES ACCORDING TO THEIR NATURE

30.1. Marketing, sales and distribution expenses:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Personnel expenses	1,892,236	1,495,687
Export expenses	3,454,318	4,152,951
Transportation of domestic sale	51,249	76,563
Depreciation expenses	45,124	5,558
Other expenses	27,433	19,084
	5,470,360	5,749,843

30.2. General administration expenses:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Personnel expenses	169,319	205,386
Insurance expenses	712,697	879,750
Representation and accommodation expenses	47,109	33,704
Communication expenses	119,753	155,978
Rent expenses	247,401	314,363
Education and consultancy expenses	76,245	191,462
General administrative material consumption	373,758	517,897
Capital market expenses	46,330	46,376
Repair and maintenance expenses	71,206	76,684
Traveling expenses	178,759	183,702
Chamber fee expenses	34,116	29,139
Tax and duty expenses	294,217	713,306
Fuel expenses	49,640	1,523
Notary and insurance expenses	150,997	16,192
Audit and consulting expenses	250,608	77,595
Lawsuit provisions	5,000	141,000
Severance pay provision expenses	1,026,071	89,314
Doubtful receivable provisions	120,887	91,598
Depreciation expenses	885,093	812,500
Other expenses	437,964	119,601
	5,297,170	4,697,070

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NOTE 31 –INCOME/ EXPENSE FROM OTHER OPERATIONS

For the period ended 01 January - 31 December 2010 and 2009 income from other operations is as following:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Reversal of unnecessary provision	17,801	62,766
Rent income	172,961	174,263
Other income	67,241	3,095
Insurance compensation income	573,100	86,742
Other extraordinary incomes (*)	1,078,579	838,091
Profit on sale of fixed assets	73,365	94,350
	1,983,047	1,259,307

(*)TRY 955,014 of other extraordinary income consist of income from Social Security Institution law no. 4857 (31 December 2009: TRY 793,536).

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Menderes Tekstil Pazarlama A.Ş.	60,000	55,800
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Ticaret A.Ş.	10,200	36,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	7,800	7,200
Selin Tekstil Sanayi ve Ticaret A.Ş.	15,000	12,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	26,400	24,000
Akçamen Tekstil Sanayi Ticaret A.Ş.	7,800	7,200
	127,200	142,200

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For the period ended 01 January - 31 December 2010 and 2009, expenses for other operations are as following:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Export commission expenses	(12,775,279)	(12,360,186)
Import commission expenses	(254,394)	(440,960)
Loss on sale of marketable securities	(29,189)	-
Other expenses	(519)	(228)
Other extraordinary expenses	(6,750)	(73,550)
	(13,066,131)	(12,874,924)

NOTE 32 – FINANCIAL INCOME

For the period ended 01 January - 31 December 2010 and 2009, financial incomes are as following:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Interest and term differences income	1,044,632	1,209,960
Foreign exchange gain	24,976,833	17,300,173
Unearned interest on payables gain / (loss), net	1,123,280	687,871
Forward exchange foreign exchange income	14,009	-
Previous period income	12,968	-
	27,171,722	19,198,004

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Akça Holding A.Ş.	78,486	556,399
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	9,803,110	3,388,513
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	74,642
Akçamen Tekstil Sanayi Ticaret A.Ş.	16,078	20,752
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	67,055	113,275
Rıza Akça	32,594	-
Ahmet Bilge Göksan	1,044	-
Cemal İpekoğlu	317	-
	9,998,684	4,153,581

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NOTE 33 –FINANCIAL EXPENSES

For the period ended 01 January – 31 December 2010 and 2009, financial expenses are as following:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Interest expenses	(3,909,462)	(7,553,384)
Foreign exchange losses	(18,521,807)	(13,040,920)
Commission expenses of borrowing	(441,748)	(390,979)
Commission expenses of letter of guarantees	(64,772)	(305,976)
Term differences expenses	(2,654,166)	(1,939,557)
Unearned interest on receivables gain / (loss), net	(515,535)	(1,062,509)
Other financial expenses	(35,903)	(36,677)
	(26,143,393)	(24,330,002)

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	5,943,763	1,899,606
Akça Holding A.Ş.	220,073	409,592
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	1,496,788	1,492,499
Menderes Tekstil Pazarlama A.Ş.	928,136	-
	8,588,760	3,801,697

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

None (31 December 2009 – None).

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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 2010 is 20% (2009: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% (2009: 20%) in year 2010.

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 2010		31 December 2009	
	Total temporary differences	Deferred tax / (liability)	Total temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interest on receivable	35,946	7,189	200,534	40,107
Accrued interest on borrowings	16,232	3,246	32,603	6,521
Severance pay provision	4,087,012	817,402	3,060,937	612,187
Reversal of capitalized financial expenses	919,442	183,888	1,867,998	373,600
Tangible fixed assets (land, building, land improvements and depreciations excluded), net	15,117,600	3,023,520	8,428,295	1,685,659
Tangible fixed assets (land, building, land improvements and depreciations), net	369,620	18,481	-	-
Biological assets cost adjustments	437,299	87,460	-	-
Other	6,750	1,350	16,405	3,281
Deferred tax assets		4,142,536		2,721,355
<u>Deferred tax liabilities:</u>				
Investments	13,647,560	682,378	8,215,589	1,643,119
Tangible fixed assets (land, building, land improvements and depreciations excluded), net	-	-	690,908	138,182
Unearned interest on payables	922,746	184,549	479,589	95,918
Forward exchange foreign exchange adjustment	14,009	2,802	-	-
Foreign exchange	691,423	138,285	406,195	81,239
Other	56,113	11,223	10,836	2,167
Deferred tax liabilities		1,019,237		1,960,625
Deferred tax assets/(liabilities), net		3,123,299		760,730

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For the period ended 31 December 2010 and 2009, movements of deferred tax assets and liabilities are as following:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Current corporation tax	(5,222,844)	(3,482,243)
Deferred tax assets/(liabilities), net	1,327,295	(1,576,155)
	(3,895,549)	(5,058,398)
Deferred Tax (Asset) / Liability Movements:	01.01.- 31.12.2010	01.01.- 31.12.2009
Opening balance	760,730	2,336,885
Deferred tax expense / (income)	1,327,295	(1,576,155)
Due to changes in accounting policy (Note 2-2b)	1,035,274	-
Closing balance	3,123,299	760,730

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Unaudited profit before tax	24,318,986	14,144,947
Total additions to tax base	3,062,785	4,546,005
Total deductions from tax base	1,267,552	1,279,738
Unaudited financial profit	26,114,219	17,411,214
Valid tax rate	%20	%20
Calculated tax	5,222,844	3,482,243
Tax provision in the income statements	(5,222,844)	(3,482,243)

NOTE 36 – EARNINGS PER SHARE

	01.01.- 31.12.2010	01.01.- 31.12.2009
Net period profit / (loss)	20,176,524	18,072,814
Weighted-average number of shares outstanding (per share with 1 TRY value)	184,000,000	184,000,000
Profit per share (TRY)	0.1097	0.0982

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NOTE 37 – DUE TO/FROM RELATED PARTIES

i) Transactions and balances with related parties:

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

	31 December 2010	31 December 2009
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	90,057	413,706
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,022,217	3,744,181
Menderes Tekstil Pazarlama A.Ş.	190,909	238,030
	1,303,183	4,395,917

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

	31 December 2010	31 December 2009
Selin Tekstil Sanayi ve Ticaret A.Ş.	4,338,609	3,249,280
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	10,777,101	10,008,231
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	19,625
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	607,920	438,085
	15,723,630	13,715,221

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

	31 December 2010	31 December 2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	66,317,083	36,442,278
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	301,866	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	147,438	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	79,355	208,258
	66,845,742	36,650,536

As of 31 December 2010 and 2009, 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.-31.12.2010 it is 1.324% interest rate is used, for 01.01.-31.12.2009, it is 2% and with TRY balances; for the period 01.01.-31.12.2010 it is %16, for 01.01.-08.04.2009 it is 25%, for 09.04.-12.06.2009 it is 19%, for the period 13.06.-21.12.2009 it is 18% and for the period 22.12.-31.12.2009 it is 15%. Income from these transactions is presented in Note 37 iii-e.

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d) Due from shareholders (Note 11):

	31 December 2010	31 December 2009
Rıza Akça	-	184,446
Cemal İpekoğlu	24,332	-
Ahmet Bilge Göksan	-	71,051
	24,332	255,497

e) Due to shareholders (Note 11):

	31 December 2010	31 December 2009
Rıza Akça	2,367,973	36,701
Ali Atlamaz	20,600	24,935
Cemal İpekoğlu	8,173	-
Ahmet Bilge Göksan	349,464	-
Dilek Göksan	452	-
	2,746,662	61,636

Shareholders do not demand any interest in return to their receivables from the Group.

f) Due to subsidiaries (Note 11):

	31 December 2010	31 December 2009
Akça Holding	434,589	1,122,763
Osman Akça A.Ş.	834	-
	435,423	1,122,763

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

	31 December 2010	31 December 2009
Menderes Tekstil Pazarlama A.Ş.	9,636,157	5,552,652
	9,636,157	5,552,652

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

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Menderes Tekstil Pazarlama A.Ş.	30,850,971	23,110,181
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	5,996,417	8,848,592
Akça Holding A.Ş.	68,738	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	685,076	646,623
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	10,613	10,250
	37,611,815	32,615,646

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	34,898	89,092
Selin Tekstil Sanayi ve Ticaret A.Ş.	19,545,000	17,060,712
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	49,500	-
Akça Holding A.Ş.	57,980	54,556
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	975	-
	19,688,353	17,204,360

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.- 31.12.2010	01.01.- 31.12.2009
Member of the board of directors	661,882	512,048
	661,882	512,048

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	405,091	362,457
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	298,397	370,124
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	706,184	773,179
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	914	-
	1,410,586	1,505,760

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Menderes Tekstil Pazarlama A.Ş.	60,000	55,800
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Ticaret A.Ş.	10,200	36,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	7,800	7,200
Selin Tekstil Sanayi ve Ticaret A.Ş.	15,000	12,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	26,400	24,000
Akçamen Tekstil Sanayi Ticaret A.Ş.	7,800	7,200
	127,200	142,200

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Akça Holding A.Ş.	78,486	556,399
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	9,803,110	3,388,513
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	74,642
Akçamen Tekstil Sanayi Ticaret A.Ş.	16,078	20,752
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	67,055	113,275
Rıza Akça	32,594	-
Ahmet Bilge Göksan	1,044	-
Cemal İpekoğlu	317	-
	9,998,684	4,153,581

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

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	5,943,763	1,899,606
Akça Holding A.Ş.	220,073	409,592
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	1,496,788	1,492,499
Menderes Tekstil Pazarlama A.Ş.	928,136	-
	8,588,760	3,801,697

f) Fixed assets sales to related parties:

	01.01.- 31.12.2010	01.01.- 31.12.2009
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	28,814
	-	28,814

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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 2010 is as following:

	31 December 2010		Trade Receivables		Other Receivables		Bank Deposits
	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)							
The part of maximum risk under guarantee with collateral							
A. Net book value of financial assets that are neither past due nor impaired	1,303,183	24,940,408	66,870,074	2,149,897			11,841,111
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	1,259,957	24,940,408	66,870,074	110,887			-
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	-	-	-	-			-

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Maximum net credit risk as of 31 December 2009 is as following:

	31 December 2009	Trade Receivables		Other Receivables		Bank Deposits
		Related Party	Third Party	Deposits	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)						
The part of maximum risk under guarantee with collateral		4,395,917	22,665,652	36,906,033	2,277,548	20,052,753
		-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired		4,209,887	22,665,652	36,906,033	127,885	20,052,753
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		186,030	-	-	2,149,663	-
The part under guarantee with collateral etc.		-	-	-	-	-
D. Net book value of impaired assets		-	154,967	-	-	-
Past due (gross carrying amount)		-	154,967	-	-	-
Impairment (-)		-	(154,967)	-	-	-
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		-	-	-	-	-

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As of 31 December 2010, ageing 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

As of 31 December 2009, ageing of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 day	186,030	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 year	-	2,149,663
	186,030	2,149,663

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Foreign Currency Risk

As of 31 December 2010 and 2009, foreign currency position of the Group in terms of original currency is as following :

	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	-	-

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	31 December 2009					
	TRY Equivalent (Functional Unit)	USD	Euro	GBP	SEK	CHF
1. Trade Receivables	21,131,532	132,281	5,672,344	495,072	35,998,299	-
2a. Monetary Financial Assets (including cash and banks)	14,684,238	7,211,408	1,611,652	7,424	1,568,688	-
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	36,442,278	24,202,881	-	-	-	-
4. Current Assets (1+2+3)	72,258,048	31,546,570	7,283,996	502,496	37,566,987	-
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)	72,258,048	31,546,570	7,283,996	502,496	37,566,987	-
10. Trade Payables	17,076,530	9,332,488	1,399,984	-	-	150
11. Financial Liabilities	58,811,251	27,312,892	7,745,496	399,144	-	-
12a. Other monetary financial liabilities	-	-	-	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	75,887,781	36,645,380	9,145,480	399,144	-	150
14. Trade Payables	529,111	-	244,925	-	-	-
15. Financial Liabilities	4,250,472	-	1,967,538	-	-	-
16a. Other monetary financial liabilities	-	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	4,779,583	-	2,212,463	-	-	-
18. Total Liabilities (13+17)	80,667,364	36,645,380	11,357,943	399,144	-	150
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)	(8,409,316)	(5,098,810)	(4,073,947)	103,352	37,566,987	(150)
21. Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(44,851,593)	(29,301,691)	(4,073,947)	103,352	37,566,987	(150)
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Exports*	245,763,864	158,858,169	-	-	-	-
24. Imports*	100,467,129	64,940,484	-	-	-	-

* As of 31 December 2010 and 2009, exports and imports' balances were appreciated with average rate of exchange.

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Foreign Currency Risk Sensitivity

As of 31 December 2010 and 2009, 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. - 31.12.2009				
	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 Euro			
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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For the period of 01.01. - 31.12.2009				
	Profit / Loss		Shareholders' Equity	
	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	(767,728)	767,728	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(767,728)	767,728	-	-
	In the case of increasing / losing value of TRY by 10% against Euro			
4- Euro net asset / liability	(880,095)	880,095	(190,644)	190,644
5- Part of hedged from Euro risk (-)	-	-	-	-
6-Euro net effect (4+5)	(880,095)	880,095	(190,644)	190,644
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	24,693	(24,693)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	24,693	(24,693)	-	-
	In the case of increasing / losing value of TRY by 10% against SEK			
10- SEK net asset / liability	782,220	(782,220)	-	-
11- Part of hedged from SEK risk (-)	-	-	-	-
12- SEK net effect (10+11)	782,220	(782,220)	-	-
	In the case of increasing / losing value of TRY by 10% against CHF			
13-CHF net asset / liability	(22)	22	-	-
14-Part of hedged from CHF risk (-)	-	-	-	-
15-CHF net effect (13+14)	(22)	22	-	-
TOTAL (3+6+9+12+15)	(840,932)	840,932	(190,644)	190,644

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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 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 current liabilities	20,790	20,790	-	20,790	-
	124,999,950	126,583,805	81,316,367	43,367,752	1,899,686

31 December 2009					
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	65,576,831	66,616,845	29,997,678	33,132,433	3,486,734
Financial leasing	1,863,150	1,993,457	298,603	895,809	799,045
Trade payables	45,346,975	45,900,868	38,640,577	6,731,179	529,112
Other liabilities	8,904,215	8,904,215	2,075,704	6,828,511	-
Provision of liabilities	195,193	195,193	-	195,193	-
Other current liabilities	32,146	32,146	-	32,146	-
	121,918,510	123,642,724	71,012,562	47,815,271	4,814,891

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Interest Rate Risk

The group's financial liabilities exposure the Group to interest rate risk. The group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2010, 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 33,073.

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 2010 and 2009 the net debt / equity ratio is as following:

	31.12.2010	31.12.2009
Total debt	135,329,038	130,422,315
Less: Cash and cash equivalents	11,866,954	20,077,014
Net debt	123,462,084	110,345,301
Total equity	253,874,628	232,554,912
Total capital	377,336,712	342,900,213
Net Debt / Total Capital ratio	33%	32%

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	31.12.2010	31.12.2009
Cash and cash equivalents	11,866,954	20,077,014
Trade receivables	26,243,591	27,061,569
Financial liabilities		
Borrowings	67,691,146	65,588,465
Lease payables	724,423	1,851,516
Other payables	15,743,621	8,904,215
Trade payables	40,626,742	45,346,975

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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

a. In accordance with number 2010/19 decision made in 27 December 2010, Group decides to increase the registered capital ceiling from TRY 200,000,000 (twohundredmillion) to TRY 250,000,000 (twohundredandfiftymillion), and an application is filed to Capital Markets Board of Turkey.

b. 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.

c. Group has decided to increase the capital of Group subsidiary, Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş., from TRY 3,000,000 to TRY 28,000,000 with special case announcement dated 25 February 2009. Group joined the capital increase with its pre-emptive right by keeping the current ratio (48%) which is TRY 12,000,000 out of TRY 25,000,000.

d. According to article numbered 02.1.SP.K.1.60-904-8898 and dated 14 July 2009 by CMB, it has demanded a statement from Group about encountering loss by overpaying TRY 11,688,000 as a result of transferring 1,200,000 shares of Aktur to Group on 04.07.2008 based on valuation report, dated 29.06.2008 and prepared by Aktur Araç Muayene İstasyonları A.Ş. (Raymond James) which has material mistakes detected by analysis. Group made statement that the demanded information and documentation had been provided to Raymond James during the preparation of valuation report and the related mistakes were not stemmed from Group but the transactions arise from mistakes will be remedied by the Group. In consequence of the inspection results related the case and reviewing Group's statement in meeting dated 08.07.2009 and numbered 21 by CMB's Decision-Making body, about transfer of Aktur shares causing loss to Group, within the context of Capital Market Law's 46th article, it has decided that the amount of loss should be determined not less than TRY 8,292,000 in Group's general meeting, demand the determined amount has to bear late charge as of 04.07.2008 from Group. Group has given 2 months period for the process.

Based on the above paragraph, Group has deducted from account of Rıza Akça with TRY 6,739,943 and Cemal İpekoğlu TRY 1,552,057 out of TRY 8,292,000 on 20.07.2009. Group Management believes there is no ground to calculate interest, so interest was not calculated.