ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

Convenience translation into English of Consolidated Financial Statements for the year ended 31 December 2011 and Independent Auditors' Report (Originally issued in Turkish)

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Financial Statements
for the year ended 31 December 2011
and
Independent Auditors' Report

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ORIGINALLY ISSUED IN TURKISH

To the Board of Directors and Shareholders
Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

Introduction

We have audited the accompanying consolidated financial statements of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. (the Parent Company) and its Subsidiaries which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Parent Company has direct shareholdings of 49,99% and 29,99% in Beymen Mağazacılık A.Ş. and Boyner Büyük Mağazacılık A.Ş., two subsidiaries the total assets and net sales total of which amount to TL 629.252.516 and TL 1.027.526.399 as of 31 December 2011, respectively. Their statements of financial position as of 31 December 2011 and statements of income, shareholder's equity and cash flows for the year then ended were audited by other independent auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting / Financial Reporting Standards (TAS / TFRS) which are issued by the Turkish Accounting Standards Board (TASB) and which are similar to the International Accounting / Financial Reporting Standards (IAS / IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

Our independent audit involves the application of independent auditing techniques to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, is made by our professional judgment. In making those risk assessments; the internal control system of the entity is taken into consideration. However, this is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control but for displaying the relationship between the financial statements and the internal control system prepared by the entity in order to design audit procedures that are appropriate in the circumstances. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. (the Parent Company) and its Subsidiaries as of 31 December 2011, and of their financial performance and cash flows for the year then ended in accordance with the TAS/TFRS issued by the TASB.

İstanbul,
9 March 2012

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network

Mehmet Maç
Partner in charge

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Statements of Financial Position
as of 31 December 2011 and 2010
(TL)

	Notes	31 December 2011	31 December 2010
ASSETS			
Current Assets		770.246.846	550.811.477
Cash and Cash Equivalents	2,6	20.807.728	11.134.075
Trade Receivables			
-Trade Receivables From Related Parties	2,10,30	33.606.629	6.558.144
-Other Trade Receivables	2,10	273.122.492	169.996.659
Other Receivables			
-Other Receivables From Related Parties	2,11,30	1.824.400	216.703.357
-Other Receivables	2,11	126.140	584.972
Inventories	2,12	389.373.746	113.343.604
Other Current Assets	2,19	48.841.711	27.623.666
Sub Total		767.702.846	545.944.477
Non-Current Assets Held for Sale	2,13,23	2.544.000	4.867.000
Non-Current Assets		480.664.714	340.528.965
Trade Receivables	2,10	83.301	141.137
Other Receivables	2,11		
-Other Receivables From Related Parties		-	-
-Other Receivables	11	549.210	387.092
Financial Assets	2,7	190.527	31.254.921
Investments Valued By Equity	2,7	288.641.397	-
Investment Properties	2,13	106.334.735	239.147.340
Tangible Assets	2,14	62.008.993	48.471.707
Intangible Assets	2,15	19.517.092	18.286.002
Deferred Tax Asset	2,28	1.917.034	1.445.119
Other Non-Current Assets	2,19	1.422.425	1.395.647
TOTAL ASSETS		1.250.911.560	891.340.442

The accompanying notes form an integrated part of these consolidated financial statements.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Statements of Financial Position
as of 31 December 2011 and 2010
(TL)

	Notes	31 December 2011	31 December 2010
LIABILITIES			
Short Term Liabilities		741.334.358	380.722.678
Financial Liabilities	2,8	268.917.957	134.515.458
Other Financial Liabilities	2,9,10	99.314.672	67.463.901
Trade Payables			
- Trade Payables To Related Parties	2,10,30	112.324.709	1.628.362
- Other Trade Payables	2,10	143.407.321	77.042.017
Other Payables			
- Other Payables To Related Parties	2,11,30	15.772.640	66.251.281
- Other Payables	2,11	9.991.095	9.439.538
Taxes on Profit For The Period	2,28	2.726.710	3.656.360
Debt Provisions	2,16	7.193.803	7.321.412
Other Short Term Liabilities	2,19	81.685.451	13.404.349
Long Term Liabilities		202.382.494	203.483.948
Financial Liabilities	2,8	190.920.925	193.513.017
Trade Payables To Related Parties	2,10,30	200.867	-
Provisions For Employee Benefits	2,18	10.639.221	9.693.703
Other Long Term Liabilities	2,19	621.481	277.228
EQUITY		307.194.708	307.133.816
Parent Company Equity		307.194.708	307.133.816
Share Capital	20	40.000.000	40.000.000
Capital Restatement Differences	20	56.061.369	56.061.369
Revaluation Surplus Funds	20	74.881.785	74.881.785
Restricted Profit Reserves	20	33.451.107	23.989.963
Retained Earnings/(Accumulated Losses)		74.769.445	34.503.765
Net Profit/(Loss) For The Period		28.031.002	77.696.934
Non-Controlling Interests		-	-
TOTAL LIABILITIES AND EQUITY		1.250.911.560	891.340.442

The accompanying notes form an integrated part of these consolidated financial statements.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Statements of Comprehensive Income
for the years ended 31 December 2011 and 2010
(TL)

	Notes	31 December 2011	31 December 2010
CONTINUING OPERATIONS			
Sales Revenue	21	610.732.092	374.796.220
Cost of Sales (-)	21	(382.612.468)	(231.600.697)
GROSS PROFIT		**228.119.624**	**143.195.523**
Marketing, Sales And Distribution Expenses(-)	22	(142.396.332)	(88.350.373)
General Administration Expenses (-)	22	(41.355.654)	(32.624.472)
Research and Development Expenses (-)	22	(793.512)	(293.368)
Other Operating Income	24	95.967.551	72.332.491
Other Operating Expenses (-)	24	(7.850.312)	(5.744.111)
OPERATING PROFIT		**131.691.365**	**88.515.690**
Shares in Profits/Losses of Investments Valued By Equity		(21.616.568)	-
Financial Income	25	83.561.878	82.931.729
Financial Expenses (-)	26	(162.708.862)	(87.594.616)
PROFIT BEFORE TAX ON CONTINUING OPERATIONS		**30.927.813**	**83.852.803**
Tax Income/(Expense) Related To Continuing Operations			
— Tax Income/(Expense) For The Period	2,28	(3.368.726)	(12.924.512)
— Deferred Tax Income/(Expense)	2,28	471.915	6.768.643
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**28.031.002**	**77.696.934**
PROFIT/(LOSS) FOR THE PERIOD		**28.031.002**	**77.696.934**
Other Comprehensive Profits/(Losses)		**-**	**-**
TOTAL COMPREHENSIVE PROFITS/(LOSSES)		**28.031.002**	**77.696.934**
Distribution Of Profit/(Loss) For The Period			
-Non-Controlling Interest		**-**	**-**
-Parent Company Shares		**28.031.002**	**77.696.934**
Earnings / (Loss) Per Share From Continuing Operations	2,25	**0,70**	**1,94**

The accompanying notes form an integrated part of these consolidated financial statements.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Statements of Changes in Equity
for the years ended 31 December 2011 and 2010
(TL)

	Notes	Share Capital	Capital Restatement Differences	Revaluation Surplus	Restricted Profit Reserves	Retained Earnings/ (Accumulated Losses)	Net Profit/(Loss) for the Period	Total Equity
Balance as at 1 January 2010	20	40.000.000	56.061.369	74.881.785	23.989.963	1.193.833	32.558.872	228.685.822
Effect of restatement (Note 2(v))		-	-	-	-	-	751.060	751.060
Balance as at 1 January 2010 (restated)		40.000.000	56.061.369	74.881.785	23.989.963	1.193.833	33.309.932	229.436.882
Transfers		-	-	-	-	32.558.872	(32.558.872)	-
Effect of restatement		-	-	-	-	751.060	(751.060)	-
Net profit/(loss)		-	-	-	-	-	77.696.934	77.696.934
Balance as at 31 December 2010	**20**	**40.000.000**	**56.061.369**	**74.881.785**	**23.989.963**	**34.503.765**	**77.696.934**	**307.133.816**

	Notes	Share Capital	Capital Restatement Differences	Revaluation Surplus	Restricted Profit Reserves	Retained Earnings/ (Accumulated Losses)	Net Profit/(Loss) for the Period	Total Equity
Balance as at 1 January 2011	20	40.000.000	56.061.369	74.881.785	23.989.963	34.503.765	77.696.934	307.133.816
2010 profit transfer		-	-	-	-	77.696.934	(77.696.934)	-
Transfer to profit reserves		-	-	-	9.461.144	(9.461.144)	-	-
Dividend payment		-	-	-	-	(26.673.678)	-	(26.673.678)
Effect of investments Valued by Equity Method in retained earnings		-	-	-	-	(1.296.432)	-	(1.296.432)
Net profit/(loss)		-	-	-	-	-	28.031.002	28.031.002
Balance as at 31 December 2011	**20**	**40.000.000**	**56.061.369**	**74.881.785**	**33.451.107**	**74.769.445**	**28.031.002**	**307.194.708**

The accompanying notes form an integrated part of these consolidated financial statements.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Statements of Cash Flows
for the years ended 31 December 2011 and 2010
(TL)

	Notes	31 December 2011	31 December 2010
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES			
Net profit/ (loss) for the period		28.031.002	77.696.934
Adjustments:			
Depreciation and amortisation	14,15	14.493.811	11.908.807
Change in provision for termination indemnity	18	945.518	1.319.835
Change in deferred tax liabilities		-	(5.323.524)
Rediscount income/expense on receivables/payables, (net)	10	4.587.109	(542.457)
Interest expense (+)		57.024.112	45.796.984
Interest income (-)		(30.275.371)	(23.883.742)
Change in other provisions	16	(127.609)	45.384
Change in fair value of financial assets	7	-	(20.559.532)
Change in fair value of investment properties	13	(92.842.876)	(63.037.611)
Change in provision for doubtful receivables	10	(414.258)	1.049.294
Change in inventory provision	12	78.783	(203.641)
(Profit)/loss on sale of tangible and intangible assets, (net)		6.053.724	(527.303)
(Profit)/loss on sale of non-current assets held for sale, (net)		436.000	1.017.000
Operating profit before working capital changes		**(12.010.055)**	**24.756.428**
(Increase) in other trade receivables and other receivables	10,11	(109.625.130)	(24.702.447)
(Increase)/decrease in balances due from related parties	10,30	186.401.283	(107.606.621)
(Increase) in inventories	12	(50.365.175)	(46.090.534)
(Increase) in other current assets	19	(21.218.045)	(14.034.619)
(Increase) in other non-current assets	19	(26.778)	(241.930)
Increase in other trade payables and other payables	10	67.785.243	41.614.021
Increase in trade payables to related parties	10,30	114.139.021	2.033.626
Change in tax payments	28	(929.650)	2.398.598
Change in deferred tax assets	28	(471.915)	(1.445.119)
Increase/(decrease) in other short term debts and liabilities	19	68.625.355	(6.563.241)
Net cash provided from/(used in) operating activities		**242.304.154**	**(129.881.838)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Change in investment properties	13	(89.149)	-
Tangible asset acquisitions	14	(34.559.274)	(12.680.376)
Intangible asset acquisitions	15	(1.392.122)	(17.722.940)
Cash provided from disposal of tangible and intangible assets		636.365	978.008
Cash provided from disposal of non-current assets held for sale		1.886.996	2.057.000
Change in investments valued by equity method	7	(257.577.003)	-
Change in financial assets recognized at cost (net)	7	-	(1.100)
Net cash (used in) investing activities		**(291.094.187)**	**(27.369.408)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Interest payments (-)		(45.912.838)	(43.302.836)
Interests received (+)		30.275.371	23.883.742
Increase in bank loans and lease obligations	8	131.810.407	134.290.166
Increase/(decrease) in factoring debts	9	20.739.497	(3.572.836)
Dividend payment		(26.673.678)	-
Consolidation effect of investment valued by equity method		(1.296.432)	-
(Decrease)/increase in other balances due to related parties	11	(50.478.641)	32.603.741
Net cash provided from financing activities		**58.463.686**	**143.901.977**
Increase/(decrease) in cash and cash equivalents, net		**9.673.653**	**(13.349.269)**
Cash and cash equivalents at the beginning of the period	6	**11.134.075**	**24.483.344**
Cash and cash equivalents at the end of the period	6	**20.807.728**	**11.134.075**

The accompanying notes form an integrated part of these consolidated financial statements.

1. Organisation and Principal Activities

Altınyıldız Mensucat ve Konfeksiyon Fabrikaları Anonim Şirketi (the Parent Company) is a company incorporated in Istanbul as at 26 January 1952. Majority of the Parent Company shares belong to Boyner Holding A.Ş. (Boyner Holding). 15% of the said shares were offered to public for the first time in 1991; and together with the subsequent offerings, 20,80% of the Company shares are currently traded on the Istanbul Stock Exchange. The shareholding structure of the Parent Company is as follows:

	31 December 2011		31 December 2010	
Name	Nominal Value	Shareholding(%)	Nominal Value	Shareholding(%)
Boyner Holding A.Ş.	31.630.948	79,08	31.630.948	79,08
Other shareholders *	49.052	0,12	49.052	0,12
Public offering **	8.320.000	20,80	8.320.000	20,80
Total	40.000.000	100,00	40.000.000	100,00

* Represents shareholdings of less than 10%.

In the accompanying financial statements, the Parent Company has consolidated its subsidiaries, namely, Alticom GmBH, Altınyıldız Italia SRL, A&Y LLC, Altınyıldız Corporation, and Altınyıldız Pars A.Ş. which are branches established as a continuation of its operations mainly for the purpose of marketing its products in Germany, Italy, Dubai, the USA and İran; BYN Gayrimenkul Geliştirme Anonim Şirketi (BYN) and Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. (Altınyıldız GMY) which are companies operating in real estate development sector; and AY Marka Mağazacılık Anonim Şirketi (AY Marka) which is a company involved in retail store operations of branded articles. Furthermore, the Parent Company has a branch in Atatürk Airport Free Zone which is not an individual corporate body, and the said branch is also included in the consolidation. The Parent Company together with its consolidated subsidiaries and the free zone branch will be altogether referred to as the “Group” in the following notes.

The subsidiaries and affiliates of the Parent Company as of 31 December 2011 are as follows:

Subsidiaries *	Principal Activity	Share Capital (TL)	Participation Rate(%)
AY Marka	Retail Business	23.834.133	99,99
BYN	Real Estate Development	16.000.000	99,99
Altınyıldız GMY	Real Estate Development	50.000	99,99
Alticom GmBH	Sales and Marketing of Textiles	306.679	100,00
Altınyıldız Corporation	Sales and Marketing of Textiles	228.183	100,00
A&Y LLC	Sales and Marketing of Textiles	135.919	99,99
Altınyıldız Italia SRL	Sales and Marketing of Textiles	51.748	100,00
Altınyıldız Pars A.Ş.	Sales and Marketing of Textiles	31.205	99,99

* Included in the consolidated financial statements by full consolidation method.

Affiliates **	Principal Activity	Participation Rate (%)
Boyner Büyük Mağazacılık A.Ş.	Retail Business	29,99
Beymen Mağazacılık A.Ş.	Retail Business	49,99

** Included in the consolidated financial statements by equity method.

1. Organisation and Principal Activities (continued)

The details of the Parent Company's subsidiaries consolidated as of 31 December 2010 are as follows:

Subsidiaries	Principal Activity	Share Capital (TL)	Participation Rate (%)
AY Marka	Retail Business	23.834.133	99,99
BYN	Real Estate Development	7.000.000	99,99
Alticom GmBH	Sales and Marketing of Textiles	306.679	100,00
Altınyıldız Corporation	Sales and Marketing of Textiles	228.183	100,00
A&Y LLC	Sales and Marketing of Textiles	135.919	99,99
Altınyıldız Italia SRL	Sales and Marketing of Textiles	51.748	100,00
Altınyıldız Pars A.Ş.	Sales and Marketing of Textiles	31.205	99,99
Altınyıldız GMY	Real Estate Development	50.000	99,99

The principal activities of the Group are manufacturing and marketing of wool garments, hosiery, and ready made clothes as well as retail business and real estate development operations in 125 stores throughout the country (2010 – 90 stores). As of 31 December 2011 and 2010, the number of employees of the Group is 3.171 and 2.676, respectively.

Some of the Articles of Association of the Company have been amended as per the address change and CMB Communiqué on Corporate Management Principles. The necessary legal permissions have been obtained in relation to the change in Articles of Association and will be submitted to the General Council.

The Parent Company's general administration building is located at the following address:

Yenibosna Merkez Mahallesi 29 Ekim Caddesi No: 22 Bahçelievler/İstanbul

The Parent Company's production facilities are located at the following address:

Çerkezköy Organize Sanayi Bölgesi 2. Kısım Yıldırım Beyazıt Mahallesi Barbaros Caddesi No:71 Tekirdağ

2. Presentation of the Financial Statements

i. Basis of Presentation:

The Parent Company and its subsidiaries located in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira in accordance with the prevailing commercial and financial legislation. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the rules and regulations of the country in which they operate. The accompanying consolidated financial statements are prepared in accordance with the Capital Markets Board (CMB) Communiqué Nr. XI/29 "Communiqué Related to the Financial Reporting Principles at the Capital Markets". This Communiqué has come in force starting with the first interim financial statements subsequent to 1 January 2008 and bears in its Article 5 the provision stating that the enterprises subject to CMB apply the International Accounting / Financial Reporting Standards as accepted by the European Union (EU) taking as basis the harmonic standards, namely the Turkish Accounting / Financial Reporting Standards (TAS/TFRS), issued by the Turkish Accounting Standards Board (TASB).

Furthermore, in the provisional Article 2 of the same Communiqué, it is stated that the IAS/IFRS are to be applied until the differences between the IAS/IFRS accepted by the European Union and those issued by the International Accounting Standards Board (IASB) are published by the TASB taking as basis the harmonic standards, TAS/TFRS, issued by the TASB.

2. <u>Presentation of the Financial Statements (continued)</u>

i. Basis of Presentation (continued) :

However, the Turkish Accounting Standards Board (TASB) has not issued the differences between the IAS/IFRS accepted by the EU and the standards issued by the International Accounting Standards Board (IASB) as yet, hence the accompanying consolidated financial statements are prepared in accordance with the IAS/IFRS taking as basis the harmonic standards TAS/TFRS issued by the TASB. As required by the TFRS 1, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying consolidated financial statements in order to comply with the TAS/TFRS.

The accompanying consolidated financial statements are presented in accordance with the mandatory formats and principles announced by CMB in its Weekly Bulletin dated 14-18 April 2008 Nr. 2008-16. In order to comply with the amendments to TAS 1 which are valid for the financial periods starting at or subsequent to 1 January 2009, the balance sheet is presented under the name of “the Statement of Financial Position” and the profit/loss sections are presented in a single statement of comprehensive income.

The functional currency of the Parent Company and its subsidiaries is Turkish Lira (TL) and the accompanying consolidated financial statements and the related notes are presented in TL.

The Parent Company’s consolidated financial statements prepared as of 31 December 2011 in accordance with the Communiqué XI/29 are approved at 9 March 2012 by the Company Management to be submitted to the Board of Directors.

The Board of Directors of the Parent Company and the CMB retain the right to amend the interim financial statements while the General Meeting and the CMB retain the right to amend the annual financial statements.

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods:

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005; hence, the financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004. The additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

iii. Consolidation Principles:

Consolidation is realized within the scope of the Parent Company, namely, Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. in accordance with the principles stated below.

The accounting policies used by the foreign subsidiaries included in the consolidation acting as branches have been changed when deemed necessary so as to conform to those used by the Parent Company.

The items of the statement of financial position have been translated to Turkish Lira at the exchange rate valid at the reporting date and the income and expense items are translated at the average exchange rate of the period. The foreign exchange differences arising from the translation are reflected to the consolidated financial statements.

2. Presentation of the Financial Statements (continued)

iii. Consolidation Principles (continued):

Full Consolidation Method

The minority shareholding in the subsidiaries, namely, AY Marka, BYN, Altınyıldız GMY, A&Y LLC and Altınyıldız Pars A.Ş. are at rate of 0,01% which is considered immaterial; hence, no minority interest has been calculated.

There is no goodwill calculated as the Parent Company has participated in the consolidated subsidiaries since their dates of establishment.

The paid-in capital of the Parent Company and its subsidiaries as well as the items of their statements of financial position are added and inter-company balances among consolidated entities are eliminated.

The paid-in capital stated in the consolidated statement of financial position is that of the Parent Company while those of the subsidiaries are not recognized.

The income statement items of the Parent Company and its subsidiaries are added separately, and the sales of goods and services made among the consolidated entities are deducted from the total sales and cost of goods sold. The profit obtained from purchase and sale operations among consolidated companies is deducted from inventories and added onto the cost of goods sold and the loss originating from such operations are added onto the inventories and deducted from cost of goods sold in the consolidated financial statements. The inventory turnover method is used for elimination of inter-group profit on inventories. Income and expense items arising from operations among consolidated entities are eliminated in the related accounts in a reciprocal fashion.

Equity Method

As per the equity method, the affiliates are initially recorded at cost.

For the period starting as of the date the affiliate is acquired by the Parent Company until the reporting date, the Parent Company's share of the increases and decreases in the affiliate's equity are either added to or deducted from the acquisition cost of the affiliate. The increases and decreases corresponding to the equity share in comparison with the acquisition cost are stated in the income statement as profit and loss, respectively. In case the differences arise from equity items other than profit and loss, adjustments in the relevant items need also to be made in the shareholders' equity of the Parent Company. The dividends received from affiliates are deducted from the related investments.

2. Presentation of the Financial Statements (continued)

iv. Adjustments:

The accompanying consolidated financial statements are prepared in accordance with TAS/TFRS with the below mentioned adjustments which are not stated in the statutory records:

- Rediscount calculation on maturity cheques, notes receivable, customers, notes payable, and suppliers
- Depreciation and amortisation adjustment related to the useful lives of tangible and intangible assets
- Deferred tax adjustment
- Inventory provision
- Termination indemnity adjustment
- Maturity difference adjustment
- Adjustment of capitalized foreign exchange differences and financial expenditures
- Evaluation of listed financial assets as per the market value
- Provision for doubtful receivables
- Adjustment on fair value of investment properties
- Provision for sales returns and price differences
- Leasing adjustment
- Elimination of inter group balances and transactions as per the consolidation procedure.

v. Comparative Information and Restatements of Prior Period Financial Statements:

The consolidated statements of financial position as of 31 December 2011 and 2010 and the related notes as well as the consolidated statements of income, changes in equity, and cash flows for the years then ended and the related notes are presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary.

In this regard, the leasehold improvements stated at a total net book value of TL 11.894.078 in the “intangible assets” account of the consolidated statement of financial position as of 31 December 2010 have been classified under “tangible assets” in the current period.

vi. Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

vii. Changes and Errors in Accounting Policies and Accounting Estimates:

The Group has applied its accounting policies consistent with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the prior period financials are re-prepared (Note 2(v)). In the event that the changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both for the period in which the change has been made and for the future periods, prospectively.

viii. The New and Revised Turkish Accounting / Financial Reporting Standards:

During the current period, TASB has issued the new and revised standards with effect from 1 January 2011 and the Group has applied those that relate to its own field of activity.

2. Presentation of the Financial Statements (continued)

viii. The New and Revised Turkish Accounting / Financial Reporting Standards (continued):

The standards valid as of 31 December 2011, and the amendments and adjustments brought to the prior standards are as follows.

- TAS 24 (Amendment) - “Related Party Disclosures”
- TFRS 1 – “First Time Adoption of the Turkish Financial Reporting Standards”
- TFRS 9 – “Classification and Measurement of Financial Assets”
- TFRS Comment 14 (Amendment) – “Prepayments of a Minimum Funding Requirement”
- TFRS Comment 19 – “Extinguishing Financial Liabilities with Equity Instruments”
- TAS 12 (Amendment) – “Income Taxes”
- TFRS 7 (Amendment) - “Financial Instruments”
- TFRS Comment 13 - “Customer Loyalty Programmes”
- TFRS 10 – Consolidated Financial Statements
- TFRS 11 – Joint Arrangements
- TFRS 12 – Disclosure of Interests in Other Entities
- TAS 27 (Amendment) - Separate Financial Statements
- TAS 28 (Amendment) – Investments in Associates
- IFRS 13 – Fair Value Measurement
- IAS 19 (Amendment) – Employee Benefits

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

Financial instruments consist of the following financial assets and liabilities:

i. Cash and cash equivalents

Cash and cash equivalents consist of cash, banks and cheques received.

Cash is composed of Turkish Lira and foreign currency balances. Turkish Lira balances are stated at their carrying values and foreign currency balances are stated at the values translated to Turkish Lira at the foreign exchange rate issued by the Turkish Central Bank at the reporting date.

Bank accounts consist of time and demand deposit accounts. Turkish Lira deposit accounts are stated at cost and the foreign currency accounts converted into Turkish Lira at the foreign currency rate issued by the Central Bank at the reporting date.

The cheques received with maturity dates exceeding the reporting date are stated in trade receivables, and they are rediscounted at a rate equivalent to the interest rate constituted for government bonds in stock markets or other organized markets.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(a) Financial Instruments (continued):

i. Cash and cash equivalents (continued)

Fair Value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates valid at the reporting date, it is assumed that the fair values of these assets approximate to their book values.

As the deposit accounts, cash and cheques received are converted into cash in very short terms, and as there is no risk of value decrease, their carrying values are deemed to approximate to their fair values.

ii. Trade Receivables

Trade receivables are financial assets created by the Parent Company and its subsidiaries through selling goods and services directly to the customers. Trade receivables and post-dated cheques are subject to rediscount.

Fair Value

Rediscounted trade receivables for which provisions are accrued for doubtful receivables are assumed to approximate the fair values of these assets.

iii. Related Parties

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venturer. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

iv. Trade Payables

Trade payables are financial liabilities created by the Group through purchasing goods and services directly from the suppliers.

Fair Value

Discounted values of trade payables are assumed to approximate the fair values of these liabilities.

v. Short and Long Term Bank Loans

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the reporting date, discounted by the effective interest method.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(a) Financial Instruments (continued):

v. Short and Long Term Bank Loans (continued)

Fair Value

The fair values of short and long term bank loans are assumed to be equivalent to their carrying values computed by adding the accrued interest liabilities calculated over the effective interest rate as of the reporting dates on the cost of the mentioned financial debts.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the “monthly weighted average cost” method. The net realizable value is calculated as the selling price in the ordinary course of business minus the cost of completion and disposal.

For forward inventory acquisitions, the acquisition cost of the asset is discounted to its spot price in which case the difference between the total amount of payment and the spot price is recognized in the financial statements as interest expense throughout the period.

Investment properties valued at fair value have changed into real estates held for trading; hence, they are transferred to inventories account. Estimated cost of real estates held for trading is the fair value at the date of change of the real estate’s area of use.

(c) Financial Assets :

The Group has classified its financial assets as those at fair value through profit or loss and those which are recognized at cost.

A financial asset is held for trading if the entity acquired it for the purpose of generating profit from short term fluctuations in price or is part of a portfolio of financial assets subject to trading for the purpose of generating short term profit independent from the purpose of acquisition. Financial assets held for trading are first recognized in the statement of financial position at cost including the transaction costs and in the following period, they are stated at their fair values. Differences between the fair value and cost are recognized in the other income and expenses account group in the statement of income.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(c) Financial Assets (continued):

The existence of published price quotations in an active market is the best evidence of fair value. In the event that an active market for a financial asset does not exist, the entity determines the fair value by using a valuation technique. The purpose of using a valuation technique is to estimate what the price of a financial asset would have been in a market transaction realized under normal business conditions on the measurement date, in an arm's length transaction between knowledgeable, willing parties. The said valuation techniques include using market transactions between knowledgeable and willing parties in a collective bargaining environment realized during the recent periods; taking as reference the fair value of a similar financial instrument; and the discounted cash flow analyses and option price models. If a valuation technique used widely by the market participants is found for determining the price of an equity instrument and if it is verified that the said technique provides reliable price estimates in actual transactions in the market, the entity chooses to use this valuation technique. In estimating fair value by the selected valuation technique, the use of market inputs is emphasized whereas the use of specific inputs attributable to the entity is kept at a minimum. The selected technique should comprise all factors to be considered by the market participants in the process of price determination and it should be consistent with the generally accepted methods of economics related to pricing of financial instruments. The selected valuation technique is regularly monitored by the entity and the validity of the said technique is periodically evaluated by using the prices constituted in current observable market transactions of the same instrument (i.e., without making changes or re-arrangements) or the prices obtained from available market data.

(d) Tangible Assets:

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Additions made subsequent to 1 January 2005 are stated at their nominal values. Depreciation is made over their inflation-adjusted values of tangible assets and the nominal values of additions subsequent to 1 January 2005 by straight-line method taking into consideration the estimated useful lives of the assets.

The depreciation rates of tangible assets with respect to their average useful lives are stated in the table below:

Land improvements	4% - 25%
Buildings	2% - 20%
Machinery	7% - 12%
Plant and equipment	5% - 25%
Motor vehicles	15% - 25%
Furniture and fixtures	7% - 25%
Leasehold improvements	20%

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(d) Tangible Assets (continued):

Expenses arising from changing any part of a tangible asset are capitalized together with the maintenance and repair costs. Subsequent expenditures can also be capitalized if they are of the nature to increase future economic benefits of the said asset. All other expense items are accounted for in the statement of income on accrual basis.

If the payment for a tangible asset is made on an installment plan, the acquisition cost of the asset is set equivalent to its down payment amount. In that case, the difference between the total payment and the down payment is recognized as interest expense throughout the loan period except where capitalization is not allowed.

Costs like start-up costs of a new operation, cost of launching new products and services including advertisement costs, costs of operating at a new place or with a new customer including personnel training costs, and general administration costs cannot be directly associated with the asset as they are not included within the purchase price of the asset and they are not incurred for the purpose of bringing the assets to an operating position in line with the management goals; hence, such costs cannot be included in the acquisition cost of the asset.

(e) Intangible Assets:

Intangible assets are stated at their cost values less accumulated amortisation and impairment losses, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. Intangible assets are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005, as per their useful lives. Amortisation for all intangible assets is calculated by using the normal (straight-line) method on pro rata basis.

Rights	6,66% - 25%

Intangible assets are recognized as per the three critical attributes, i.e., its identifiability, control (power to obtain benefits from the assets), and future economic benefits. In that respect, training expenses, advertisement and promotion expenses, partial or full amount of reorganization expenses and start up operations expenses excluding those that can be included in the cost of tangible assets are recognized as expense in the financial statements at the time they are realized.

If the payment for an intangible asset is made on an instalment plan, the acquisition cost of the asset is set equivalent to its down payment. In that case, the difference between the total payment and the down payment is recognized as interest expense throughout the loan period except where capitalization is not allowed.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(f) Long Term Assets Held for Sale :

Long term assets held for sale can only be classified as such when their recorded values are recovered not upon usage but upon a sale transaction where the depreciation is discontinued. Long term assets held for sale are valued by the lower of their recorded values and the value computed by deducting the sales expenses from their fair values.

(g) Assets and Liabilities in Foreign Currency:

Foreign currency assets and liabilities stated in the statement of financial position are translated into Turkish Lira at the foreign exchange rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses arising from these transactions are included in the statement of comprehensive income.

The financial position items of the subsidiaries operating as branches abroad and included in the consolidation are translated to TL at the foreign exchange rate valid at the reporting date; and the income and expense items are translated at the average rate of exchange for the period. The exchange differences arising from the translation operation is reflected to the consolidated financial statements.

(h) Impairment of Assets:

Where the book value of an asset exceeds its recoverable value, provision is made for impairment loss so as to bring the book value of the asset down to the level of its fair value and the amount of the provision is recorded as expense in the statements of comprehensive income.

On the other hand, the recoverable value of cash generating assets is deemed to be the higher of their net sales price and the value in use. The value in use of the said assets is the present value of the future cash flows expected from these assets. In calculating the value in use, a pre-tax discount rate is used covering the future expected cash flows, time value of money, and risks attributed to the asset.

(i) Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Group will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(j) Taxes on Income:

Under the Turkish Tax Code, a company that has its head office or place of business in Turkey is subject to a corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Corporate earnings are subject to corporation tax at a rate of 20%. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024 to be enacted as of 1 January 2004, the financial statements of the tax payers whose earnings are determined on balance sheet basis are subject to inflation adjustment in the event that the increase in price indices exceed 100% for the last three accounting periods including the current period and 10% for the current accounting period. In the 2011 and 2010 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

As of 31 December 2011 and 2010, income tax provisions have been made in accordance with the prevailing tax legislation.

(k) Employee Benefits:

Under Turkish Labour Law Article 25/II, the Parent Companies and its subsidiaries located in Turkey are required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TL 2.731,85 in respect of each year of service as of 31 December 2011 (31 December 2010– TL 2.517,01).

The Company has determined the termination indemnity liability stated in the accompanying consolidated financial statements as per the recognition and valuation principles stated in TAS 19 "Employee Benefits". As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(k) Employee Benefits (continued):

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2011 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 4,29 % (31 December 2010- 4,66%) calculated upon the assumption that the expected annual inflation rate will be 5% (31 December 2010 – 5,1%) and the expected discount rate will be 9,50% (31 December 2010 – 10%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

As of 31 December 2011 and 2010 assumptions for calculating termination indemnity are as follows:

	31 December 2011	31 December 2010
Discount rate	4,29%	4,66%
The ratio of the number of employees who have gained the right to receive termination indemnity in the prior years to the total number of employees	100%	100%

(l) Revenue:

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the risks and rewards of ownership of the goods, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the amount of revenue can be measured reliably. For the sales recognized as revenue for the period, provisions are made for returns and discounts within the frame of past experiences and other relevant data. The revenues and expenses related to the same transaction are recognized simultaneously.

When cash or cash equivalents are received against sales, the received amount represents the sales revenue. However, in most cases, the Company makes forward sales and the fair value of the sales consideration is determined by discounting the receivables to their present values over the remaining period until maturity date. The interest rates used in determining the present value of the receivables are the interest rates used in discounting the sales price of the related product or service. The difference between the nominal value of the selling price and the fair value determined as such are recognized as maturity difference expenses in the related periods.

When the collection of amounts booked as revenue becomes doubtful, recognition is made by expensing the provision made for doubtful receivables and not by adjusting the revenue total.

The net sales comprise the sales consideration invoiced after discounts and returns are deducted.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(l) Revenue (continued):

Interest revenue accrual is calculated over the effective interest rate. Rent income and expenses related to real estate consist of operational leasings. The accounting of rent income/expenses is performed throughout the rental period by straight line method.

Dividends are recognized when the shareholder's right to receive payment is established.

(m) Earnings/(Loss) per Share:

Earnings/(loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Enterprises in Turkey can increase their capital through distributing bonus shares to their shareholders proportionate to their shareholding from retained earnings and differences arising from inflation adjustment in equity. These bonus shares are regarded as issued shares in the calculation of earnings/(loss) per share. Hence, retroactive calculation is made to arrive at the weighted average number of shares in respect of the bonus shares.

(n) Accounting Estimates:

During the preparation of financial statements in accordance with TAS/TFRS, the Management is required to disclose the book value of the assets and liabilities stated in the financial statements as of the reporting date and explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

(o) Events After the Reporting Period:

If the Group receives information after the reporting date about conditions that existed at the reporting date, it updates the financial statements that relate to those conditions, in the light of the new information. If non-adjusting events after the reporting date are material, the Group discloses them during the related period.

(p) Provisions, Conditional Assets and Liabilities:

Provisions are recognised only if the following conditions are met:
(1) there is a present obligation as a result of a past obligating event,
(2) it is probable that outflow of economic resources is required because of this obligation,
(3) the amount of obligation can be reasonably estimated.
Where the effect of the time value of money is material, the amount of a provision recognized is the present value of the expenditures expected to be required to settle the obligation and discounted before tax when deemed necessary at a discount rate comprising special risks attributable to the liability. When discounting is required, the increase in provisions arising from time differences is stated as interest expense. In determining the amount to be recognized as provision in the financial statements, it is important to use the best estimate of expenditures which will be required to fulfill the obligation present at the reporting date. In making this estimate, all risks and uncertainties need to be taken into consideration.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(p) Provisions, Conditional Assets and Liabilities (continued):

Conditional liabilities and assets are not recognized in the financial statements but only disclosed in the notes to the financial statements. Where it becomes probable that the sources bearing future economic benefits will flow out of the entity, the items stated as conditional liabilities are recognized as provisions in the financial statements of the period of change in probability except where a reliable estimate cannot be made.

(r) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs is discontinued.

(s) Finance and Operating Leases:

The lease operations where the risks and rewards related to the ownership of the subject asset belongs to the Company are classified as financial leases. Finance leases transferring all risks and rewards of ownership of the leased asset are recorded at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Thereby, the fixed asset depreciation followed up under the assets is made in accordance with the policies implemented for other similar assets. Where the lease period is shorter than the useful life of the leased asset and where it is not reasonably certain that the entity will acquire the related asset at the end of the lease period, the leased asset is depreciated within the lease period; however, if the useful live of the leased assets is shorter than the lease period, it is amortised during the useful life span. The lease obligation in the statement of financial position is lowered through principal repayments while the portion of lease payments corresponding to financial expenses is recognized in the statement of comprehensive income covering the lease period during which the expenses are formed.

Leases where the lessee retains all risks and rewards of ownership are classified as operating leases. Operating lease payments are stated as expense in the statement of income throughout the lease period on straight-line basis.

(t) Investment Properties:

Investment property is recognized as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and the cost of the investment property can be measured reliably. For measurement of investment properties subsequent to the initial recognition, the entity may choose either the cost model or the fair value model where the fair value can be estimated reliably, and they are accounted for in accordance with the points introduced in the “tangible assets” section. The Group prefers fair value model for its investment properties.

2. Presentation of the Financial Statements (continued)

ix. Summary of Significant Accounting Policies and Valuation Procedures Applied (continued):

(u) Government Grants and Donations:

All government grants including non-monetary grants stated at fair value are recognized when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. A forgivable loan provided by the government is treated as a government grant where there is reasonable assurance that the terms of forgiveness of the loan will be met by the entity.

3. Business Combinations

As of 31 December 2011 and 2010, the Group did not have any transactions within the scope of business combinations.

4. Business Partnerships

Contractual enterprises that enable the Parent Company to realize an economic activity subject to joint control are referred to as business partnerships. Business partnerships are included in the accompanying consolidated financial statements by equity method.

5. Segment Reporting

The Group's business operations are administered and organized with respect to the range of products and services provided by the Group. Information regarding the Group's business activities as of 31 December 2011 comprise the earnings and profits obtained from operations i.e., textile, ready-made clothes, AY Marka Mağazacılık, and real estate development (BYN and Altınyıldız GMY).

5. Segment Reporting (continued)

As of 31 December 2011, segment reporting consists of the following (TL) (continued):

1 January-31 December 2011	Textile	Ready-Made Clothes	Ay Marka	BYN	Altınyıldız GYM	Undistributed	Elimination	Total
Sales revenue	244.113.153	130.426.962	352.453.312	5.516.836	-	-	(121.778.171)	610.732.092
Cost of sales (-)	(200.761.872)	(113.556.229)	(186.363.733)	-	-	-	118.069.366	(382.612.468)
Gross profit /(loss)	**43.351.281**	**16.870.733**	**166.089.579**	**5.516.836**	**-**	**-**	**(3.708.805)**	**228.119.624**
Marketing, sales and distribution expenses (-)	(11.540.316)	(5.264.039)	(125.852.959)	-	-	-	260.982	(142.396.332)
General administration expenses (-)	(13.975.461)	(7.261.791)	(12.028.513)	(1.861.418)	(6.249.901)	-	21.430	(41.355.654)
Research and development expenses (-)	(793.512)	-	-	-	-	-		(793.512)
Other operating income	1.311.086	301.302	1.510.164	2.123	92.842.876	-	-	95.967.551
Other operating expenses (-)	(6.323.863)	(1.513.619)	(2.284)	(24)	-	-	(10.522)	(7.850.312)
Operating profit / (loss)	**12.029.215**	**3.132.586**	**29.715.987**	**3.657.517**	**86.592.975**	**-**	**(3.436.915)**	**131.691.365**
Share in profit/(loss) of investments valued by equity method	(21.616.568)	-	-	-	-	-	-	(21.616.568)
Financial income	71.408.403	5.058.929	13.029.549	1.742.205	3.683.878	-	(11.361.086)	83.561.878
Financial expenses (-)	(86.855.707)	(7.586.490)	(34.594.059)	(13.671.949)	(31.541.779)	-	11.541.122	(162.708.862)
						-		
Profit / (loss) before tax from continuing operations	**(25.034.657)**	**605.025**	**8.151.477**	**(8.272.227)**	**58.735.074**	**-**	**(3.256.879)**	**30.927.813**
Taxes for the period	-	-	-	-	-	(3.368.726)	-	(3.368.726)
Deferred tax income/ (expense)	-	-	-	-	-	471.915	-	471.915
Profit/(Loss) for the period from continuing operations	**(25.034.657)**	**605.025**	**8.151.477**	**(8.272.227)**	**58.735.074**	**(2.896.811)**	**(3.256.879)**	**28.031.002**

31 December 2011	Textile	Ready-Made Clothes	Ay Marka	BYN	Altınyıldız GYM	Undistributed	Elimination	Total
Assets and Liabilities								
Segment assets	780.913.219	113.070.292	355.549.822	110.114.600	230.972.923	-	(341.626.330)	1.248.994.526
Undistributed assets	-	-	-	-	-	1.917.034	-	1.917.034
Total Assets	**780.913.219**	**113.070.292**	**355.549.822**	**110.114.600**	**230.972.923**	**1.917.034**	**(341.626.330)**	**1.250.911.560**
Segment liabilities	527.075.101	109.064.105	315.347.902	44.860.272	216.483.516	-	(271.840.754)	940.990.142
Undistributed liabilities	-	-	-	-	-	2.726.710	-	2.726.710
Total Liabilities	**527.075.101**	**109.064.105**	**315.347.902**	**44.860.272**	**216.483.516**	**2.726.710**	**(271.840.754)**	**943.716.852**
Other segment information								
Depreciation	6.672.044	1.360.563	6.300.172	-	-	-	-	14.332.779
Amortisation	50.078	68.952	42.002	-	-	-	-	161.032

5. Segment Reporting (continued)

The Group's business operations are administered and organized with respect to the range of products and services provided by the Group. Information regarding the Group's business activities as of 31 December 2010 comprise the earnings and profits obtained from operations i.e., textile, ready-made clothes, AY Marka Mağazacılık, and real estate development (BYN and Altınyıldız GMY).

As of 31 December 2010, segment reporting consists of the following (TL) :

1 January - 31 December 2010	**Textile**	**Ready-Made Clothes**	**Ay Marka**	**BYN**	**Altınyıldız GMY**	**Undistributed**	**Elimination**	**Total**
Sales revenue	130.935.016	96.286.838	225.966.175	2.915.670	-	-	(81.307.479)	374.796.220
Cost of sales (-)	(110.625.189)	(85.755.810)	(114.945.203)	-	-	-	79.725.505	(231.600.697)
Gross profit/(loss)	**20.309.827**	**10.531.028**	**111.020.972**	**2.915.670**	**-**	**-**	**(1.581.974)**	**143.195.523**
Marketing, sales and distribution expenses (-)	(6.838.540)	(3.140.871)	(78.370.962)	-	-	-	-	(88.350.373)
General administration expenses (-)	(13.728.969)	(3.869.275)	(9.126.733)	(3.424.087)	(2.476.008)	-	600	(32.624.472)
Research and development expenses (-)	(293.368)	-	-	-	-	-	-	(293.368)
Other operating income	2.217.509	154.243	6.107.873	13.468.766	53.880.000	-	(3.495.900)	72.332.491
Other operating expenses (-)	(1.027.055)	(462)	(4.704.918)	(11.676)	-	-	-	(5.744.111)
Operating profit/(loss)	**639.404**	**3.674.663**	**24.926.232**	**12.948.673**	**51.403.992**	**-**	**(5.077.274)**	**88.515.690**
Financial income	79.250.452	1.809.468	4.374.556	3.832.265	930.000	-	(7.265.012)	82.931.729
Financial expenses	(63.218.614)	(3.107.018)	(13.158.209)	(8.060.613)	(7.315.174)	-	7.265.012	(87.594.616)
Profit/(loss) before tax from continuing operations	**16.671.242**	**2.377.113**	**16.142.579**	**8.720.325**	**45.018.818**	**-**	**(5.077.274)**	**83.852.803**
Tax expense related to continuing operations, net	**-**	**-**	**-**	**-**	**-**	**(6.155.869)**	**-**	**(6.155.869)**
Taxes for the period (-)	-	-	-	-	-	(12.924.512)	-	(12.924.512)
Deferred tax income/(expense)	-	-	-	-	-	6.768.643	-	6.768.643
Profit/(loss) for the period from continuing operations	**16.671.242**	**2.377.113**	**16.142.579**	**8.720.325**	**45.018.818**	**(6.155.869)**	**(5.077.274)**	**77.696.934**

31 December 2010	**Textile**	**Ready-Made Clothes**	**Ay Marka**	**BYN**	**Altınyıldız GMY**	**Undistributed**	**Elimination**	**Total**
Assets and Liabilities								
Segment assets	565.369.713	81.914.890	171.453.275	172.320.362	153.022.681	-	(254.185.598)	889.895.323
Undistributed assets	-	-	-	-	-	1.445.119	-	1.445.119
Total assets	**565.369.713**	**81.914.890**	**171.453.275**	**172.320.362**	**153.022.681**	**1.445.119**	**(254.185.598)**	**891.340.442**
Segment liabilities	423.288.504	73.881.017	138.884.175	64.098.429	107.953.863	-	(227.555.722)	580.550.266
Undistributed liabilities	-	-	-	-	-	3.656.360	-	3.656.360
Total liabilities	**423.288.504**	**73.881.017**	**138.884.175**	**64.098.429**	**107.953.863**	**3.656.360**	**(227.555.722)**	**584.206.626**
Other segment information								
Depreciation	6.562.129	925.411	398.500	-	-	-	-	**7.886.040**
Amortisation	27.008	21.622	3.974.137	-	-	-	-	**4.022.767**

6. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TL) :

		31 December 2011		31 December 2010
Cash		120.969		111.433
Bank deposits (Note 31(ii))		14.641.106		8.147.459
- Time deposits* (Note 31 (vi))	420.000		2.750.000	
- Demand deposits**	14.221.106		5.397.459	
Cheques and other liquid assets		6.045.653		2.875.183
Total		20.807.728		11.134.075

* As of 31 December 2011, the interest rate on TL time deposits at banks is 7,5% (31 December 2010 – 6%-6,75%).

** The Group has a blocked deposit of TL 4.038.280 as of 31 December 2011 (31 December 2010 – TL 272.590).

7. Financial Assets and Investments Valued by Equity Method

Financial investments consist of the following (TL) :

	31 December 2011		31 December 2010	
	Participation Rate	Amount	Participation Rate	Amount
Boyner Büyük Mağazacılık A.Ş.*	-	-	8,15%	31.064.394
Doğu Yatırım Holding A.Ş.	< 1%	104.891	< 1%	104.891
BBA Beymen Boğaziçi Alboy A.Ş.**	< 1%	74.171	< 1%	74.171
Alsis Sigorta Acentalığı A.Ş.**	< 1%	11.361	< 1%	11.361
Lom Renkli Giyim Ürünleri Paz. A.Ş.**	< 1%	104	< 1%	104
Total		190.527		31.254.921

* The Parent Company has acquired Boyner Büyük Mağazacılık A.Ş. for a total of TL 65.490.000. As of 31 December 2010, the said investment is recognized as a financial asset whose fair value difference is reflected to profit/loss in the consolidated financial statement; the same investment is included in the consolidated financial statements by equity method as of 31 December 2011.

** Valued at cost and below 1%.

7. Financial Assets and Investments Valued by Equity Method (continued)

Investments valued by equity method consist of the following (TL) :

	31 December 2011		31 December 2010	
	Participation Rate	Amount	Participation Rate	Amount
Boyner Büyük Mağazacılık A.Ş.*	29,99%	73.641.397	-	-
Beymen Mağazacılık A.Ş.**	49,99%	215.000.000	-	-
Total		288.641.397		-

* The Parent Company has acquired Boyner Büyük Mağazacılık A.Ş. for a total of TL 65.490.000. As of 31 December 2010, the said investment is recognized as a financial asset whose fair value difference is reflected to profit/loss in the consolidated financial statement; the same investment is included in the consolidated financial statements by equity method as of 31 December 2011.As of 31 December 2011, the total assets and total liabilities amount to TL 373.023.074 and TL 273.005.972, respectively, and the equity total in the statement of financial position is TL 100.017.102. The net sales volume for the year ended 31 December 2011 is TL 660.147.222 and the net profit for the period is TL 23.854.239. As of 31 December 2011, the market value of the investment in TL 2,32.

** As of 31 December 2011, the total assets and total liabilities amount to TL 256.229.442 and TL 228.569.322, respectively, and the equity total in the statement of financial position is TL 27.660.120. The net sales for the year ended 31 December 2011 is TL 367.379.177 and the net profit for the period is TL 17.167.102.

8. Financial Liabilities

Short term financial liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Bank loans (Note 31(iii))	147.934.005	117.586.198
Short term portion of long term financial liabilities (Note 31(iii))	115.127.858	14.647.201
Lease obligations (Note 31(iii))	5.856.094	2.282.059
Total	268.917.957	134.515.458

As of 31 December 2011, the average rate of interest on short term TL loans is 15,78%; the average interest rates on USD and Euro loans are 8,52% abd 9%, respectively (31 December 2010 TL- 12,57%; USD- 7,12%).

The details of short term bank loans and the related interest rates are as follows (TL):

	Average interest rates	31 December 2011	31 December 2010
TL loans	15,78%	133.372.288	100.379.221
USD loans	8,52%	4.764.027	17.189.940
Euro loans	9%	9.782.531	-
Other	-	15.159	17.037
Total		147.934.005	117.586.198

8. Financial Liabilities (continued)

The details of short terms lease obligations are as follows (TL):

	31 December 2011	31 December 2010
Euro	447.330	626.984
USD	4.262.370	1.467.547
TL	1.146.394	187.528
Total	5.856.094	2.282.059

The details of long term bank loans and the related interest rates are as follows (TL):

	31 December 2011	31 December 2010
Bank loans (Note 31(iii))	181.670.277	192.311.063
Lease obligations (Note 31 (iii))	9.250.648	1.201.954
Total	190.920.925	193.513.017

As of 31 December 2011, the average rate of interest on long term TL loans varies between 12,96% and 16,75% and that on Euro loans varies between 5,083% and 9%.

The maturity of long term loans varies between 6 February 2013 and 26 January 2017.

As of 31 December 2011, the interest rate on short term portions of long term loans and on long term USD loans is 9%. The average interest rate on Euro loans varies between 5,08% and 7,1%. The average interest rate on TL loans varies between 11,9% and 15,75% (31 December 2010 - USD – 9%; TL : 11,90%, Euro : 6,50% - 9%).

In relation to the bank loans elaborated as of 31 December 2011 above, there is a mortgage lien of Euro 40.000.000 and TL 200.000.000 and guarantee notes amounting to TL 200.000.000 on the mall classified by the Group as investment property at a fair value of TL106.323.149 and the land classified by the Group as plant area inventory at a value of TL 225.743.750 (31 December 2010 – Mortgage lien of Euro 40.000.000 and guarantee note of TL 200.000.000).

The details of long term lease obligations are as follows (TL):

	31 December 2011	31 December 2010
Euro	754.622	-
TL	2.502.961	205.262
USD	5.993.065	996.692
Total	9.250.648	1.201.954

As of 31 December 2011, guarantee notes have been given in relation to the lease obligations elaborated above at a total of USD 1.340.031 and TL 2.729.344 (31 December 2010 – USD 316.071 and TL 174.864).

9. Other Financial Liabilities

As of 31 December 2011 and 2010, the entire amount of the Group's other financial liabilities account represents the totals obtained against the receivables transferred to factoring institutions. The Group transfers some of its receivables as "revocable" to the local factoring companies. As the Group has not transferred all of its risks related to the said trade receivables given on discount to the factoring institutions and as these institutions reserve the right of recourse to the Parent Company for the aforesaid totals in case of failure to collect the total either partially or in full before maturity, the said amount is not excluded from the accompanying consolidated financial statements and the liabilities to the factoring institutions are recognized as "other financial liabilities".

10. Trade Receivables and Payables

Short term trade receivables consist of the following:

	31 December 2011	31 December 2010
Trade receivables	108.491.761	71.542.645
Notes receivable *	174.192.223	100.752.893
Doubtful trade receivables	5.711.052	6.125.310
Provision for doubtful trade receivables (-)	(5.711.052)	(6.125.310)
Rediscount on receivables (-)	(9.561.492)	(2.298.879)
Total other trade receivables (Note 31(ii))	273.122.492	169.996.659
Trade receivables from related parties	35.138.154	6.660.480
Rediscount on related parties (-)	(1.531.525)	(102.336)
Total trade receivables from related parties (Note 30,31(ii))	33.606.629	6.558.144
Total short term trade receivables	306.729.121	176.554.803

* A portion of the notes receivable amounting to TL 99.314.672 has been transferred to factoring institutions (31 December 2010 – TL 67.463.901). The factoring debts related to this transaction have been classified under 'other financial liabilities' account (Note 9,31(iii)).

Long term trade receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Trade receivables	98.000	150.340
Rediscount on receivables (-)	(14.699)	(9.203)
Total long term trade receivables (Note 31(ii))	83.301	141.137

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer such that the average period of collection is 110 days for local sales of ready made clothes, 27 days for export ready made cloths, 155 days for local textile sales and 60 days for textile exports.

10. Trade Receivables and Payables (continued)

When cash or cash equivalents are received against sales, the received amount represents the sales revenue. However, in most cases, the Company makes forward sales and the fair value of the sales consideration is determined by discounting the receivables to their present values over the remaining period until maturity date. The interest rates used in determining the present value of the receivables are the interest rates used in discounting the sales price of the related product or service which are 11,09% for TL, 0,24% for USD, and 1,10% for Euro as of 31 December 2011 (31 December 2010 – 6,49% for TL, 0,34 for USD, and 0,85% for Euro). The difference between the nominal value of the selling price and the fair value determined as such is recognized as maturity difference expense in the related periods.

The Group makes provisions for doubtful receivables on customer basis for trade receivables with collection problems. The provision amount covers the balances due from customers that cannot realize repayment and those the collaterals of which cannot be used.

As of 31 December 2011 and 2010, changes in provision for doubtful trade receivables is set out in the table below (TL):

	31 December 2011	31 December 2010
Opening balance	6.125.310	5.076.016
Provisions made (Note 22)	170.402	1.109.465
Collections made during the year (-)	(584.660)	(60.171)
Closing balance	5.711.052	6.125.310

Trade payables consist of the following (TL) :

	31 December 2011	31 December 2010
Suppliers	144.796.186	77.562.500
Rediscount on payables (-)	(1.388.865)	(520.483)
Total other trade payables (Note 31(iii))	143.407.321	77.042.017
Trade payables to related parties	115.582.043	1.643.889
Rediscount on related parties (-)	(3.257.334)	(15.527)
Total trade payables to related parties (Note 30,31(iii))	112.324.709	1.628.362
Total trade payables	255.732.030	78.670.379

The average payment terms of trade payables is 115 days for local textile purchases, 165 days for imports, 152 days for local ready made clothing purchases and 111 days for imports.

When cash or cash equivalents are used in payments, the paid amount represents the cost value. However, in most cases, the Company makes forward purchases and the fair value of the purchase value is determined by discounting the payables to their present values over the remaining period until maturity date. The interest rates used in determining the present value of the payables are the average interest rates used in discounting the acquisition price of the related product or service which are 11,09% for TL, 0,72% for USD, and 1,14% for Euro (31 December 2010 – 6,42% for TL, 0,27% for USD, and 0,63% for Euro). The difference between the nominal value of the buying price and the fair value determined as such are recognized as maturity difference income in the related periods.

11. Other Receivables and Payables

Short term other receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Deposits and guarantees given	36.745	74.151
Due from personnel	53.150	60.467
Other	36.245	450.354
Total other receivables (Note 31(ii))	126.140	584.972
Other receivables from related parties (Note 30,31(ii))	1.824.400	216.703.357
Total other receivables	1.950.540	217.288.329

Long term other receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Deposits and guarantees given	549.210	382.044
Other	-	5.048
Total (Note 31(ii))	549.210	387.092

Short term other payables consist of the following (TL) :

	31 December 2011	31 December 2010
Due to personnel	3.910.422	5.408.114
Social security premiums payable	3.928.517	1.681.860
Taxes and funds payable	1.810.107	1.615.308
Other	342.049	734.256
Total other payables (Note 31(iii))	9.991.095	9.439.538
Other payables to related parties (Note 30,31(iii))	15.772.640	66.251.281
Total other payables	25.763.735	75.690.819

12. Inventories

Inventories consist of the following (TL) :

	31 December 2011	31 December 2010
Raw materials and supplies	33.187.850	18.123.601
Semi-finished goods	27.293.262	26.033.925
Finished goods	55.875.647	41.099.810
Trade goods	48.228.602	28.963.709
Merchandise *	225.743.750	-
Other	859	-
Inventory provision (-)	(956.224)	(877.441)
Total	389.373.746	113.343.604

* The account balance consists of real estates held for trading as of 31 December 2011 (Note 13).

As of 31 December 2011, the total insurance on inventories amounts to TL 163.739.248 (31 December 2010 - TL 100.700.000).

As of 31 December 2011 and 2010, changes in inventory provision are set out in the table below (TL) :

	31 December 2011	31 December 2010
Opening balance	877.441	1.081.082
Provisions made	78.783	437.109
Provisions no longer required (-)	-	(640.750)
Closing balance	956.224	877.441

13. Investment Properties

As of 31 December 2011 and 2010, changes in investment properties are set out in the table below (TL):

Cost	Opening 1 January 2011	Additions	Transfers	Closing 31 December 2011
Factory plot (Note 12)*	132.900.874	92.842.876	(225.743.750)	-
Starcity Mall**	106.234.000	89.149	-	106.323.149
Retail store	43.972	-	-	43.972
Sub total	239.178.846	92.932.025	(225.743.750)	106.367.121
Accumulated depreciation (-)	(31.506)	(880)	-	(32.386)
Net Value	239.147.340	92.931.145	(225.743.750)	106.334.735

Cost	Opening 1 January 2010	Additions	Transfers	Closing 31 December 2010
Factory plot *	-	132.900.874	-	132.900.874
Starcity Mall**	95.105.250	11.128.750	-	106.234.000
Investment flats***	9.977.000	-	(9.977.000)	-
Retail store	43.972	-	-	43.972
Sub total	105.126.222	144.029.624	(9.977.000)	239.178.846
Accumulated depreciation (-)	(30.511)	(995)	-	(31.506)
Net Value	105.095.711	144.028.629	(9.977.000)	239.147.340

* Factory plot is classified under inventories.

13. Investment Properties (continued)

Comparison between the cost values of investment properties and their fair values as of 31 December 2011 is as follows:

Name	Date of Expertise Report	Fair Value (TL)	Cost (TL)
Factory plot*	30 September 2011	225.743.750	159.480
Starcity Mall	22 November 2010	106.234.000	76.747

Comparison between the cost values of investment properties and their fair values as of 31 December 2010 is as follows:

Name	Date of Expertise Report	Fair Value (TL)	Cost (TL)
Factory plot*	14 October 2010	132.900.874	159.480
Starcity Mall	22 November 2010	106.234.000	76.747

* As stated in the special circumstance announcement communicated to the ISE on 14 June 2010, the Group has participated with a total of TL 49.960 representing 49.960 shares in Altınyıldız Gayrimenkul Yatırım ve Geliştirme Anonim Şirketi, a company with a share capital of TL 50.000 nominal value owned by Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş., BBA Beymen Boğaziçi Alboy Mağazacılık Tekstil Sanayi ve Ticaret A.Ş., Boyner Bireysel Ürünler Satış ve Pazarlama A.Ş., Alsis Sigorta Acentalığı A.Ş. and Lom Renkli Giyim Ürünleri Pazarlama A.Ş. Pursuant to the Board decision of 27 September 2010, the Parent Company has sold the Altınyıldız factory plot of 71.838 m^2 stated as land under tangible assets and whose fair value is determined by the expertise report of 4 December 2008 as TL 78.953.508 to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. for a total of TL 111.348.900 corresponding to the provisional market value determined by the Municipality for the said plot of land. The sale is finalized at a total of TL 168.335.360 taking into consideration the anticipated changes in development plans. Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. has entered into an agreement for revenue sharing in return for land sale with Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. on 29 September 2010 for the purpose realizing a project comprising office, residence, and commercial units to be constructed on the land which has been sold. The said project is expected to be completed within three years. The Group has recognized in its records dated 31 December 2010 the said plot of land at a fair value of TL 132.900.874 as stated in the real estate valuation report of 14 October 2010 prepared by a valuation company authorized by the Capital Markets Board. The Group has resolved to classify this plot of land as investment property mainly because the reconstruction permit is not yet received as of the reporting date and that the project income is anticipated to increase upon receiving the permit, and also because there are expertise reports stating that there is an increasing trend in the market value of the said real estate development project in construction. TSKB Gayrimenkul Değerleme A.Ş., a valuation company authorized by the related communiqué of the Capital Markets Board, has determined the fair value of the said plot of land as TL 225.743.750 in its valuation report dated 30 September 2011 as a result of which, a total of TL 92.842.876 (225.743.750 – 132.900.874) is recorded as income in the Other Operating Income account group in the accompanying summarized consolidated statement of comprehensive income. As the permit has been duly received, the anticipated increases in the fair value until the permit is received will not be associated with the statement of income, and the land will be evaluated within the scope of TAS 2.

13. Investment Properties (continued)

** In relation to the land stated among the tangible assets of the Group whose fair value is stated in the expertise report as TL 15.830.000, the Group has entered into an agreement in 2006 with İnanlar İnşaat A.Ş. which is the company that will undertake the construction of the mall against flat ownership and in accordance with the said agreement, the land is classified as investment property. As stated in the special circumstance announcement made to the ISE on 7 November 2007, İnanlar İnşaat A.Ş. has transferred its contract to Merkür İnşaat Ticaret A.Ş. which is the majority shareholder of Ülker Group. The current market value of the land classified by the Group as investment property is stated as TL 29.385.000 in the property valuation report dated 15 April 2008 prepared by a valuation company which is furnished with the certificate of authority by the Capital Markets Board. As stated in the Special Circumstance Announcement made to the ISE on 2 May 2008, the group has acquired 49.996 shares of BYN Gayrimenkul Geliştirme Anonim Şirketi at TL 1 nominal value each which represents the portion of TL 49.996 of the said company's share capital with a total nominal value of TL 50.000 (former BYN Konfeksiyon Sanayi ve Ticaret Anonim Şirketi) owned by the Group companies, namely, Boyner Holding A.Ş., BBA Beymen Boğaziçi Alboy Mağazacılık Tekstil Sanayi ve Ticaret A.Ş., Boyner Bireysel Ürünler Satış ve Pazarlama A.Ş., Alsis Sigorta Acentalığı A.Ş. and LOM Renkli Giyim Ürünleri Pazarlama A.Ş. Pursuant to the Board resolution dated 2 May 2008, the Group has sold the plot of land classified as investment property with a total value of TL 29.385.000 to the company whose shares were taken over, namely, BYN Gayrimenkul Geliştirme A.Ş. The mall constructed on the land classified as investment property was opened in April 2010 by the name of Starcity Mall. The ownership of Starcity Mall is shared between BYN Gayrimenkul Geliştirme A.Ş. and Merkür İnşaat Ticaret A.Ş. at the rates of 2/5 and 3/5, respectively. Since April 2010, 2/5 of the rent income is included and consolidated in the financial statements of BYN Gayrimenkul A.Ş. and for that reason; the related property investment is recorded in the accompanying consolidated financial statements as Investment Property in accordance with TAS 40. The Group has recognized in the accompaying consolidated statement of comprehensive income the said mall at a fair value of TL 106.234.000 corresponding to 2/5 of TL 265.585.000 which is the total consideration stated in the real estate valuation report dated 22 November 2010 prepared by a valuation company authorized by the Capital Markets Board. The said fair value has increased by a total of TL 89.149 during the current period.

*** As stated in Note 27, the Parent Company has taken over the ownership of sixty apartment flats against its overdue receivables in 2008. The said flats are classified as Non-Current Assets Held for Sale as the Parent Company management has already started disposing of the flats in 2010 and plans to do so for all at the soonest possible time.

14. Tangible Assets

Tangible assets consist of the following (TL) :

As of 31 December 2011;

Cost	Opening 1 January 2011	Additions	Disposals (-)	Transfers*	Closing 31 December 2011
Land	66.492	-	-	-	66.492
Land improvements	930.341	-	(930.341)	-	-
Buildings	38.174.675	-	(38.174.675)	-	-
Plant, machinery and equipment	156.979.701	2.411.552	(36.527.764)	(515.571)	122.347.918
Furniture and fixtures	13.476.709	2.255.576	(680.676)	242.939	15.294.548
Motor vehicles	467.145	-	(61.348)	-	405.797
Leasehold improvements	32.533.166	14.097.689	-	13.955.514	60.586.369
Investments in progress	569.468	15.794.457	-	(13.682.882)	2.681.043
Sub total	243.197.697	34.559.274	(76.374.804)	-	201.382.167

Accumulated depreciation (-)	Opening 1 January 2011	Additions	Disposals (-)	Transfers	Closing 31 December 2011
Land improvements	906.881	3.297	(910.178)	-	-
Buildings	31.601.705	236.490	(31.838.195)	-	-
Plant, machinery and equipment	129.247.444	6.164.446	(36.197.579)	(62.289)	99.152.022
Furniture and fixtures	11.863.723	788.449	(677.411)	-	11.974.761
Motor vehicles	467.149	-	(61.352)	-	405.797
Leasehold improvements	20.639.088	7.139.217	-	62.289	27.840.594
Sub total	194.725.990	14.331.899	(69.684.715)	-	139.373.174
Net Value	48.471.707	20.227.375	(6.690.089)	-	62.008.993

* As of 31 December 2011, a portion of TL 4.100.000 out of the total transfer amount was classified from leasehold improvements to plant, machinery and equipment, and the balance includes the transfers from investments in progress.

14. Tangible Assets (continued)

Tangible assets consist of the following (TL) (continued) :

As of 31 December 2010;

Cost	Opening 1 January 2010	Additions	Disposals (-)	Transfers	Closing 31 December 2010
Land	79.020.000	-	-	(78.953.508)*	66.492
Land improvements	930.341	-	-	-	930.341
Buildings	38.174.675	-	-	-	38.174.675
Plant, machinery and equipment	156.010.450	5.579.198	(4.609.947)	-	156.979.701
Furniture and fixtures	12.809.047	676.614	(8.952)	-	13.476.709
Motor vehicles	504.094	-	(36.949)	-	467.145
Leasehold improvements	27.234.609	5.855.096	(556.539)	-	32.533.166
Investments in progress	-	569.468	-	-	569.468
Sub total	314.683.216	12.680.376	(5.212.387)	(78.953.508)	243.197.697

Accumulated depreciation (-)	Opening 1 January 2010	Additions	Disposals (-)	Transfers	Closing 31 December 2010
Land improvements	898.969	7.912	-	-	906.881
Buildings	31.017.488	584.217	-	-	31.601.705
Plant, machinery and equipment	127.103.774	6.751.025	(4.607.355)	-	129.247.444
Furniture and fixtures	11.326.115	542.886	(5.278)	-	11.863.723
Motor vehicles	504.098	-	(36.949)	-	467.149
Leasehold improvements	16.805.514	3.943.169	(109.595)	-	20.639.088
Sub total	187.655.958	11.829.209	(4.759.177)	-	194.725.990
Net Value	127.027.258	851.167	(453.210)	(78.953.508)	48.471.707

* The indicated total represents the sale of the factory plot in Bahçelievler, Istanbul to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş, a subsidiary. The Group has classified the said land as investment property.

As of 31 December 2011 and 2010, the insurance totals on tangible assets amount to TL 457.774.271 and TL 166.756.026, respectively.

15. Intangible Assets

Intangible assets consist of the following (TL) :

As of 31 December 2011;

Cost	Opening 1 January 2011	Additions	Disposals(-)	Transfers	Closing 31 December 2011
Rights	23.220.796	1.392.122	-	-	24.612.918

Accumulated amortisation (-)	Opening 1 January 2011	Additions	Disposals(-)	Transfers	Closing 31 December 2011
Rights	4.934.794	161.032	-	-	5.095.826
Net Value	18.286.002	1.231.090	-	-	19.517.092

As of 31 December 2010;

Cost	Opening 1 January 2010	Additions	Disposals(-)	Transfers	Closing 31 December 2010
Rights	5.497.856	17.722.940*	-	-	23.220.796
Sub total	5.497.856	17.722.940	-	-	23.220.796

Accumulated amortisation (-)	Opening 1 January 2010	Additions	Disposals(-)	Transfers	Closing 31 December 2010
Rights	4.856.191	78.603	-	-	4.934.794
Sub total	4.856.191	78.603	-	-	4.934.794
Net Value	641.665	17.644.337	-	-	18.286.002

* The indicated amount represents the brand value of T-box acquired by Ay Marka Mağazacılık A.Ş. (a subsidiary) from Boyner Holding A.Ş. The said brand value is determined as TL 17.368.000 and the valuation is realized by experts appointed by Istanbul 11th Commercial Court of First Instance by file nr 2010/321.

16. Provisions, Conditional Assets and Liabilities

As of 31 December 2011 and 2010, the provisions for short term liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Provision for returns and price	7.193.803	7.321.412
Total	7.193.803	7.321.412

Conditional assets and liabilities are as follows;

a) Guarantees given in each period are stated below (TL):

		31 December 2011		31 December 2010	
	Currency	Original Amount	TL Equivalent	Original Amount	TL Equivalent
Guarantee letters given	TL	-	103.832	-	99.845
Guarantee letters given	USD	214.565	405.291	116.534	180.162
Guarantee letters given	Euro	6.000	14.663	6.000	12.295
Guarantee notes given	TL		204.103.111	-	201.258.540*
Guarantee notes given	USD	7.784.126	14.703.436	5.745.471	8.882.498
Guarantee notes given	Euro	30.921	75.565	-	-
Sureties given **	USD	4.000.000	7.555.600	12.750.000	19.711.500
Sureties given ***	Euro	61.090.221	149.292.282	50.000.000	102.455.000
Mortgages given ****	TL		200.000.000	-	200.000.000
Mortgages given ****	Euro	40.000.000	97.752.000	40.000.000	81.964.000
Total			674.005.780		614.563.840

* The guarantee notes on investment properties amount to TL 200.000.000.

** The indicated totals are the sureties given by the Parent Company to Boyner Holding A.Ş. and Ay Marka Mağazacılık A.Ş. for the loans they have used.

*** The indicated total represents the surety given by the Parent Company to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş.for the loan it has used.

**** The mortgages on investment properties amount to Euro 40.000.000 and TL 200.000.000.

16. Provisions, Conditional Assets and Liabilities (continued)

Guarantees, Sureties, and Mortgages given by the Group:

	31 December 2011				31 December 2010			
	Original Amount				Original Amount			
	TL	USD	Euro	TL Equivalent	TL	USD	Euro	TL Equivalent
A. Guarantees, sureties, and mortgages given by the Group in the name of its own corporate body	404.206.943	7.998.691	40.036.921	517.157.898	401.358.386	5.862.005	40.006.000	492.397.340
- Guarantees	204.206.943	7.998.691	36.921	219.405.898	201.358.386	5.862.005	6.000	210.433.340
- Sureties	None	None	None	None	None	None	None	None
- Mortgages	200.000.000	Yoktur	40.000.000	297.752.000	200.000.000	-	40.000.000	281.964.000
B. Total guarantees, sureties, and mortgages given behalf of the entities included in the scope of full consolidation	None	4.000.000	61.090.221	156.847.882	-	4.000.000	50.000.000	108.639.000
- Guarantees	None	4.000.000	61.090.221	156.847.882	-	4.000.000	50.000.000	108.639.000
- Sureties	None	None	None	None	None	None	None	None
- Mortgages	None	None	None	None	None	None	None	None
C. Total guarantees, sureties, and mortgages given as collateral for other third parties' debts for the purpose of continuing ordinary commercial operations	None	None	None	None	None	None	None	None
D. Total other guarantees, sureties, and mortgages given	None	None	None	None	-	8.750.000	-	13.527.500
i. Total guarantees, sureties, and mortgages given on behalf of the Parent Company	None	None	None	None	-	8.750.000	-	13.527.500
ii. Total guarantees, sureties, and mortgages given on behalf of other group companies which are not included in the scope of items B and C	None	None	None	None	None	None	None	None
iii. Total guarantees, sureties, and mortgages given on behalf of third parties which are not included in the scope of item C	None	None	None	None	None	None	None	None
Total	404.206.943	11.998.691	101.127.142	674.005.780	401.358.386	18.612.005	90.006.000	614.563.840

As of 31 December 2011, there are no other guarantees,sureties, and mortgages given by the Group.
As of 31 December 2010, the ratio of other guarantees, sureties, and mortgages given by the Group to its equity is 4%.

16. Provisions, Conditional Assets and Liabilities (continued)

b) Guarantees received for trade receivables in each period are as follows (TL) :

	31 December 2011	31 December 2010
Guarantee letters received	6.483.830	4.641.030
Guarantee cheques received	6.079.918	5.039.974
Guarantee notes received	33.063.706	32.249.292
Mortgages received	18.978.000	17.648.000
Sureties and bill guarantees received	7.063.682	5.841.370
	71.669.136	65.419.666

Guarantees received consist of the following (TL):

		31 December 2011		31 December 2010	
	Currency	Original Amount	TL Equivalent	Original Amount	TL Equivalent
Guarantee letters received	TL	-	3.370.500	-	1.800.000
Guarantee letters received	USD	920.000	1.737.788	1.200.000	1.855.200
Guarantee letters received	Euro	562.870	1.375.542	481.104	985.830
Mortgages received	TL	-	18.978.000	-	17.648.000
Sureties and bill guarantees received	TL	-	300.000	-	300.000
Sureties and bill guarantees received	USD	3.434.580	6.487.578	3.434.580	5.309.861
Sureties and bill guarantees received	Euro	112.981	276.104	112.981	231.509
Guarantee cheques received	TL	-	6.025.140	-	4.995.140
Guarantee cheques received	USD	29.000	54.778	29.000	44.834
Guarantee cheques received	Euro	-	-	-	-
Guarantee notes received	TL	-	31.776.887	-	30.957.727
Guarantee notes received	USD	550.000	1.038.895	702.000	1.085.292
Guarantee notes received	Euro	101.450	247.924	100.665	206.273
Total			71.669.136		65.419.666

17. Commitments

Payment commitments related to operational and financial leasings are as follows:

Vehicle leasing commitments:

	31 December 2011	31 December 2010
In 1 year	1.908.359	752.312
1 – 5 years	1.615.442	983.758
Total	3.523.801	1.736.070

Store leasing commitments:

	31 December 2011	31 December 2010
In 1 year	38.250.937	24.990.540
1 – 5 years	91.255.592	85.260.904
5- 10 years	15.519.344	5.956.540
Total	145.025.873	116.207.984

Financial leasing commitments:

	31 December 2011	31 December 2010
In 1 year	5.856.094	2.282.062
1 – 5 years	9.250.648	1.201.954
Total	15.106.742	3.484.016

Office leasing commitments :

	31 December 2011	31 December 2010
In 1 year	11.271.822	-
1 – 5 years	35.195.297	-
Total	46.467.119	-

The export commitments of the Group as of 31 December 2011 amounts to USD 10.134.211 (31 December 2010 – USD 758.453).

18. Employee Benefits

Liabilities related to employee benefits consist of provisions for termination indemnity stated in the following (TL) :

	31 December 2011	31 December 2010
Opening balance	9.693.703	8.373.868
Increase during the year	2.892.422	2.732.364
Payments made at contract terminations (-)	(4.415.898)	(3.460.761)
Actuarial losses/earnings	2.468.994	2.048.232
Closing balance	10.639.221	9.693.703

19. Other Assets and Liabilities

Other current assets consist of the following (TL) :

	31 December 2011	31 December 2010
Order advances given	21.476.610	12.325.934
Prepaid taxes and funds and other taxes	24.805.809	13.557.836
Expenses related to future months	2.518.294	1.322.053
Other	40.998	417.843
Total	48.841.711	27.623.666

Other long term assets consist of the following (TL) :

	31 December 2011	31 December 2010
Order advances given	-	76.633
Expenses related to future years	1.422.425	1.319.014
Total	1.422.425	1.395.647

Other short term liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Order advances received	80.986.950*	12.082.357
Income related to future months	377.981	1.088.411
Expense provision	105.340	206.040
Other	215.180	27.541
Total	81.685.451	13.404.349

* A portion of TL 75.461.691 consists of advances received for real estate sales.

19. Other Assets and Liabilities (continued)

Other long term liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Income related to future years	211.864	255.428
Deposits and guarantees received	22.294	21.800
Public debts, deferred or payable by instalments	387.323	-
Total	621.481	277.228

20. Equity

As of 31 December 2011 and 2010, the Parent Company share capital consists of the following (TL):

	31 December 2011		31 December 2010	
	Shareholding	Amount (TL)	Shareholding	Amount (TL)
Boyner Holding A.Ş.	79,08%	31.630.948	79,08%	31.630.948
Other shareholders *	0,12%	49.052	0,12%	49.052
Public offering	20,80%	8.320.000	20,80%	8.320.000
Paid-in capital	100,00%	40.000.000	100,00%	40.000.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		96.061.369		96.061.369

* Represents shareholdings of less than 10%.

As of 31 December 2011 and 2010, the registered share capital of the Parent Company is TL 40.000.000.

As of 31 December 2011 and 2010, the Parent Company share capital consists of 4.000.000.000 issued shares of Kr 1 nominal value each.

Inflation Adjustment Differences in Share Capital

As a result of the inflation adjustment made until 31 December 2004, equity items are recognized at their recorded values in the statement financial position. The adjustment differences related to these account items are stated as a whole in the financial statements under the inflation adjustment differences account, and as of 31 December 2005, the total has reached TL 57.212.651 after deduction of accumulated losses the details of which are stated in Note 20. The balance after the capital increase of TL 1.151.282 made from this account as of 31 December 2006 is TL 56.061.369.

20. Equity (continued)

Revaluation Funds

As stated in Note 13, the factory plot was previously stated at cost in the Parent Company financials; however, as per the real estate expertise report, it is currently recorded at fair value. The valuation difference arising from this change is stated in the Revaluation Funds account under the Equity account group. After the said plot of land has become an investment property and transferred from the fixed assets account group to investment properties at a fair value of TL 132.900.874 determined by the real estate expertise report dated 14 October 2010, the total of TL 74.881.785 continues to be recognized under the Revaluation Funds account group.

Changes in Real Estate Fair Value Difference as of 31 December 2011 and 31 December 2010 are set out in the table below (TL):

	31 December 2011	31 December 2010
Related to the land on which the plant is located	78.824.810	78.824.810
Related to the land classified as investment property	15.722.470	15.722.470
Total fair value difference	94.547.280	94.547.280
Classification of the special fund arising from sale of investment property to restricted profit reserves	(15.722.470)	(15.722.470)
Deferred tax effect	(3.943.025)	(3.943.025)
End of the period	74.881.785	74.881.785

Restricted Profit Reserves

Restricted profit reserves consist of legal reserves, gain on sale of participation stocks, and income from sale of investment properties as stated in the following (TL):

	31 December 2011	31 December 2010
Legal reserves	10.467.368	1.006.224
Special fund arising from participation share sales revenue exemption	1.080.833	1.080.833
Special fund arising from sale of investment property	21.902.906	21.902.906
Total	33.451.107	23.989.963

20. Equity (continued)

Legal Reserves

As per the Turkish Commercial Code, legal reserves are divided as First Legal Reserves and Second Legal Reserves. First Legal Reserves are appropriated out of net profit for the period at the rate of 5% until the reserve is equal to 20% of the Company's share capital. Second Legal Reserves are appropriated at a rate of 10% of all dividend distributions that exceed 5% of the Company's share capital. First and second reserves cannot be distributed until they exceed 50% of the total share capital; however, in the event that the optional reserves are fully consumed, they may be used to cover losses.

Special Fund Related to Exemption for Sale Revenue on Participation Shares and Real Estate

Companies are exempt from 75% of the earnings arising from the sale of participation shares, real estates, pre-emotive rights, founder's shares, and redeemed shares which are stated among their assets for a minimum of 2 full years. In order to be able to benefit from the exemption, the said earnings should be retained in a funds account in the liability section and no to be withdrawn from the entity for a period of 5 years. The sales worth should be collected until the end of the second calendar year following the year that the sale is realized. In the application of exemption, it is of importance that the earnings to be transferred to the funds account are recognized in the statement of income while the date the transfer is realized to the funds account is also a key factor. In relation to the subject matter, certain amendments are made in the General Communiqué Nr 3 and Section 5.6.2.3.2 of the Communiqué Nr 1. As per the provisions of the Communiqué, the entire amount of the earnings (including the 75% exemption) will be transferred to the resulting accounts and the amount subject to exemption will be written in the related section on the tax return form to have the exemption applied. On the other hand, the total amount subject to exemption is transferred from the profit for the period to the "Special Funds" account latest until the due date of the corporation tax return of the year the company makes the earnings.

Retained Earnings/(Accumulated Losses)

The accumulated losses arising from the first time application of inflation accounting as of 31 December 2003 amount to TL 78.189.385 and the said total is stated at the purchasing power at 31 December 2004. As per the CMB resolution dated 30 December 2003 Nr 1630, the accumulated losses are deducted from the related reserves and the equity inflation adjustment differences.

The net loss for the period of TL 1.072.323 formed in the Parent Company's financial statements as of 31 December 2006 within the frame of the principles stated in the "Announcement on the Formats of Financial Statements and Related Notes to be Prepared in accordance with the Communiqué related to Principles of Financial Reporting in Capital Markets Nr XI/29" declared by the CMB resolution dated 17 April 2008 Nr 11/467 is netted off with the retained earnings in the accompanying financial statements as of 31 December 2011 and 2010. As per the same principles, the retained earnings except for the net profit for the period and the extraordinary reserves that are by nature in the form of retained earnings are stated in the retained earnings / accumulated losses account.

21. Sales and Cost of Sales

Sales revenues consist of the following (TL) :

	31 December 2011	31 December 2010
Local sales	641.190.295	413.251.825
Exports	74.581.812	42.991.248
Other sales	212.954	-
Sales returns (-)	(62.618.930)	(47.174.767)
Sales deductions (-)	(1.984.153)	(668.516)
Other deductions (-)	(40.649.886)	(33.603.570)
Sales revenues, net	610.732.092	374.796.220

Cost of sales consists of the following (TL):

	31 December 2011	31 December 2010
A. Direct raw materials and supplies	141.758.494	96.005.386
B. Direct labour expenses	82.957.558	57.782.730
C. Overhead	60.185.615	39.355.797
D. Semi-finished goods utilization	(1.259.337)	(13.410.057)
1. Beginning inventory (+)	26.033.925	12.623.868
2. Ending inventory (-)	(27.293.262)	(26.033.925)
Cost of finished goods produced	283.642.330	179.733.856
E. Change in finished goods inventory	(14.697.055)	(7.125.408)
1. Beginning inventory (+)	40.222.368	33.096.960
2. Ending inventory (-) (*)	(54.919.423)	(40.222.368)
I. Cost of finished goods sold	268.945.275	172.608.448
A. Beginning inventory of trade goods (+)	28.963.709	8.781.240
B. Acquisitions during the period (+)	132.932.086	79.174.718
C. Ending inventory of trade goods (-)	(48.228.602)	(28.963.709)
II. Cost of Trade Goods Sold	113.667.193	58.992.249
Cost of Sales (I+II)	382.612.468	231.600.697

(*) The indicated total differs by the amount of provision for impairment made at the period ends related to the finished goods inventory, the details of which are presented in Note 12.

21. Sales and Cost of Sales (continued)

Overhead consists of the following (TL) :

	31 December 2011	31 December 2010
Indirect material expenses	18.624.401	12.001.798
Depreciation and amortisation expenses	7.659.832	7.418.212
Energy expenses	11.968.760	10.713.033
Indirect labor expenses	3.915.783	3.000.862
Service expenses	5.017.245	3.197.273
Maintenance and repair expenses	2.649.404	1.489.745
Outsourced benefits and services	2.693.331	1.534.874
Building-Machinery rent expenses	7.656.859	-
Total	60.185.615	39.355.797

22. Research and Development Expenses, Marketing, Sales and Distribution Expenses, General Administration Expenses

Research and development expenses; marketing, sales and distribution expenses; and general administration expenses consist of the following (TL) :

	31 December 2011	31 December 2010
Marketing, sales, and distribution expenses	142.396.332	88.350.373
General administration expenses	41.355.654	32.624.472
Research and development expenses	793.512	293.368
Total	184.545.498	121.268.213

Research and Development Expenses;

	31 December 2011	31 December 2010
Wages and salaries	393.222	161.296
Material utilization expenses	169.347	85.619
Outsourced benefits and services	152.883	29.051
Service labour expenses	45.840	13.168
Depreciation and amortisation expenses	8.298	1.869
Travel expenses	14.299	1.772
Insurance expenses	2.404	467
Other	7.219	126
Total	793.512	293.368

22. Research and Development Expenses, Marketing, Sales and Distribution Expenses, General Administration Expenses (continued)

Research and development expenses; marketing, sales and distribution expenses; and general administration expenses consist of the following (TL) (continued):

Marketing, sales, and distribution expenses;

	31 December 2011	31 December 2010
Wages and salaries	48.439.111	30.816.990
Brand store and exportation expenses	30.075.897	18.473.507
Rent expenses	29.474.057	17.351.694
Outsourced benefits and services	14.052.181	8.732.778
Depreciation and amortisation expenses	5.847.830	3.964.273
Material utilization expenses	3.683.506	2.719.889
Travel expenses	1.890.942	1.147.772
Service labour expenses	752.171	490.206
Taxes, duties, and fees	661.049	220.975
Insurance expenses	346.928	143.793
Representation and hospitality expenses	1.099.574	851.579
Patent and licensing expenses	3.709.412	1.736.035
Other	2.363.674	1.700.882
Total	142.396.332	88.350.373

General Administration Expenses ;

	31 December 2011	31 December 2010
Wages and salaries	18.045.413	11.581.261
Taxes, duties, and fees	1.000.506	5.248.510
Holding service share	7.873.321	4.228.373
Outsourced benefits and services	2.883.854	2.860.987
Depreciation and amortisation expenses	977.851	523.458
Rent expenses	2.281.461	1.654.648
Brand store and exportation expenses	350.554	1.079.068
Service labour expenses	751.800	1.028.900
Travel expenses	716.244	470.728
Starcity service share	534.301	409.400
Insurance expense	324.175	310.785
Material utilization expenses	286.380	166.203
Provision for doubtful receivables (Notes 10, 23)	170.402	1.109.465
Factory plot expenses	2.948.152	-
Other	2.211.240	1.952.686
Total	41.355.654	32.624.472

23. Operating Expenses by Nature

Distribution of operating expenses by nature is stated in the following (TL) :

	31 December 2011	31 December 2010
Personnel expenses	66.877.746	42.559.546
Brand store and exportation expenses	30.426.451	19.552.575
Rent expenses	31.760.493	19.006.342
Outsourced benefit and service expenses	17.089.589	11.622.816
Taxes, duties, and fees	1.661.555	5.469.485
Depreciation and amortisation expenses	6.833.979	4.489.600
Holding service share expenses	7.873.321	4.228.373
Material consumption expenses	4.139.233	2.971.711
Patent, license expenses	3.709.412	1.736.035
Travel expenses	2.621.485	1.620.272
Service and labor expenses	1.549.811	1.532.275
Provision for doubtful receivables	170.402	1.109.465
Representation and hospitality expenses	1.441.508	851.579
Insurance expenses	673.507	455.045
Starcity service share	534.301	409.400
Factory plot expense	2.948.152	-
Other	4.234.553	3.653.694
Total	184.545.498	121.268.213

24. Other Operating Income/(Expense)

Other operating income consists of the following (TL):

	31 December 2011	31 December 2010
Income on valuation of investment properties	92.842.876	63.937.446
Rent income	219.640	5.928.119
Commission income	518.188	466.207
Income on electricity sales	-	264.438
Insurance income	296.006	191.596
Advertisement income	166.412	142.957
Exposition support earnings	218.997	341.294
Profit on sale of fixed assets	631.519	675.969
Provisions no longer required	125.428	71.978
Other	948.485	312.487
Total	95.967.551	72.332.491

24. Other Operating Income/(Expenses) (continued)

Other operating expenses consist of the following (TL) :

	31 December 2011	31 December 2010
Rent expenses	-	4.553.503
Loss on sale of fixed assets	6.685.243	148.666
Loss on sale of real estate	436.000	1.017.000
Other	729.069	24.942
Total	7.850.312	5.744.111

25. Financial Income

Financial income consists of the following (TL) :

	31 December 2011	31 December 2010
Foreign exchange gains	40.160.402	31.423.749
Interest income	30.275.371	23.883.742
Rediscount and forward sales interest income	13.126.105	7.064.723
Increase in fair value of financial assets	-	20.559.515
Total	83.561.878	82.931.729

26. Financial Expenses

Financial expenses consist of the following (TL) :

	31 December 2011	31 December 2010
Loan interest expenses	45.912.838	32.676.757
Foreign exchange losses	78.676.983	33.802.432
Factoring expenses	11.111.274	13.120.227
Credit card commissions	5.808.951	5.094.014
Rediscount and forward purchase interest expenses	20.332.124	2.680.169
Other	866.692	221.017
Total	162.708.862	87.594.616

27. Non-Current Assets Held for Sale

The Parent Company has taken over the ownership of sixty flats against its overdue receivables in 2008. As the said flats cannot be used in the Parent Company operations, they are stated as investment properties in the consolidated financial statements as of 31 December 2009 until decision is made for their purpose of utilization according to the future market conditions. As of 31 December 2011 and 2010, the said flats are classified as Non-Current Assets Held for Sale as the Parent Company management has already started disposal of the flats in 2010 and plans to do so for all of them at the soonest possible time (Note 13).

28. Tax Assets and Liabilities

a) Corporation Tax;

The Turkish corporation tax rate for 2011 is 20% (31 December 2010 – 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following (TL) :

	31 December 2011	31 December 2010
Corporation tax calculated	3.368.726	12.924.512
Prepaid taxes (-)	(642.016)	(9.268.152)
	2.726.710	3.656.360

Tax income and expenses stated in the statement of comprehensive income are stated below (TL):

	31 December 2011	31 December 2010
Current period corporation tax expense	(3.368.726)	(12.924.512)
Deferred tax income/(expense)	471.915	6.768.643
Total tax income/(expense)	(2.896.811)	(6.155.869)

Calculation of Corporation Tax provision stated in the statement of comprehensive income is summarized below (TL) :

	31 December 2011	31 December 2010
Profit/(loss) as per statutory books	15.015.323	186.660.156
Disallowable expenses	3.556.772	5.070.218
Tax-exempt income (-)	(1.728.466)	(127.107.816)
Sub total	16.843.629	64.622.558
Tax rate (%)	20	20
Tax provision	3.368.726	12.924.512

28. Tax Assets and Liabilities (continued)

b) Deferred Tax Assets and Liabilities;

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TL):

Tax bases of deferred tax assets/(liabilities)	31 December 2011	31 December 2010
Fixed assets	(11.768.339)	(14.137.854)
Real estate valuation differences associated with equity	(19.715.130)	(19.715.130)
Provision for termination indemnity	10.639.221	9.693.703
Real estate valuation difference associated with the income statement	(170.216)	16.364.747
Rediscount on receivables and payables	6.554.868	835.184
Provision for sales returns and price differences	7.193.803	7.321.412
Provision for doubtful receivables	5.522.736	5.508.527
Inventories	2.831.040	4.563.567
Fair value difference in financial assets	5.764.000	(5.037.014)
Loan discount	(127.353)	(494.801)
Rediscount on financial receivables	-	494.801
Other	2.860.558	1.828.459
Tax base of deferred tax assets/(liability), net	9.585.188	7.225.601

Deferred tax assets/(liabilities)	31 December 2011	31 December 2010
Fixed assets	(2.353.670)	(2.827.571)
Real estate valuation differences associated with equity	(3.943.026)	(3.943.026)
Provision for termination indemnity	2.127.844	1.938.741
Real estate valuation difference associated with the income statement	(34.043)	3.272.949
Rediscount on receivables and payables	1.310.973	167.037
Provision for sales returns and price differences	1.438.761	1.464.282
Provision for doubtful receivables	1.104.547	1.101.705
Inventories	566.208	912.713
Fair value difference in financial assets	1.152.800	(1.007.403)
Loan discount	(25.471)	(98.960)
Rediscount on financial receivables	-	98.960
Other	572.111	365.692
Deferred tax assets/(liabilities), net	1.917.034	1.445.119

28. Tax Assets and Liabilities (continued)

Deferred tax income/(expense) (TL) :

	31 December 2011	31 December 2010
Current period deferred tax asset/(liability)	1.917.034	1.445.119
Reversal of prior period deferred tax (liability)/asset	(1.445.119)	5.323.524
Deferred tax income/(expense)	471.915	6.768.643

Deferred tax assets and liabilities are offset due to fulfillment of conditions such that there is an applicable right for offsetting current tax assets and liabilities, and furthermore, it is intended to fulfill the current tax liabilities simultaneously with the formation of current tax assets.

As of all reporting dates, derecognized deferred tax assets are reviewed. In the event that it is likely for the future financial profits to allow gaining deferred tax assets, deferred tax assets which have not been recorded in the prior period are recognized.

29. Earnings/(Loss) Per Share

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of Parent Company shares during the period. The calculation is made as follows:

	31 December 2011	31 December 2010
Profit/(loss) for the current period	28.031.002	77.696.934
Weighted average number of shares *	40.000.000	40.000.000
Earnings per share of the Parent Company (TL)	0,70	1,94

* per share of TL 1 nominal value

30. Related Party Disclosures

a) Balances due from related parties consist of the following (TL) :

	31 December 2011		31 December 2010	
	Trade	Other	Trade	Other
Boyner Holding A.Ş.	-	1.824.400	373.466	207.663.931*
BBA Beymen Boğaziçi Alboy Mağazacılık Ticaret A.Ş.	-	-	-	9.039.426**
Boyner Bireysel Ürünler Satış ve Pazarlama A.Ş.	-	-	-	-
H.F. Boyner Biraderler Eksport A.Ş.	413	-	408	-
Beymen Mağazacılık A.Ş.	4.136	-	2.846	-
Benetton Giyim San. Ticaret A.Ş.	72.570	-	342.633	-
Boyner Büyük Mağazacılık A.Ş.	21.593.683	-	5.776.977	-
Altın Petrol Ürünleri San. Ve Tic. A.Ş.	-	-	61.814	-
BR Mağazacılık A.Ş.	10.986.451	-	-	-
Fırsat Teknoloji A.Ş.	949.376	-	-	-
BNR Teknoloji A.Ş.	-	-	-	-
Total	33.606.629	1.824.400	6.558.144	216.703.357

* The indicated amount represents the total placement granted to Boyner Holding A.Ş. All costs incurred by Altınyıldız A.Ş. in relation to the loans and factorings used are included within this total together with the related commissions. The interests and commissions are accrued to Boyner Holding A.Ş. on monthly basis.

** The indicated total comprises the notes receivable obtained against the cheques given to BBA Beymen Mağazacılık A.Ş. for financing purposes.

30. Related Party Disclosures (continued)

b) Balances due to related parties consist of the following (TL) :

	31 December 2011		31 December 2010	
	Trade	Other	Trade	Other
Boyner Holding A.Ş.	840.157	15.341.388****	-	165.522
BBA Beymen Boğaziçi Alboy Mağazacılık Teks.San. ve Tic. A.Ş.	705.862	-	621.188	-
Beymen Mağazacılık A.Ş.	193.325	-	105.074	96.852
Boyner Büyük Mağazacılık A.Ş.	-	-	-	-
Altın Petrol Ürünleri San. ve Tic. A.Ş.	-	-	13.982	65.988.564***
Bofis Turizm ve Ticaret A.Ş.	93.869	-	51.233	-
Merkür İnşaat Turizm Müh. Dan. ve Tic. Ltd. Şti.	-	-	353.715	-
Alsis Sigorta Acentalığı A.Ş.	478.387		482.118	-
Benetton Giyim San. Ticaret A.Ş.	-	-	1.052	-
Dividend Payables	-	431.252	-	164
H.F. Boyner Bıraderler Eksport A.Ş.	-	-	-	-
BR Mağazacılık A.Ş.	113.272	-	-	-
Boyner Bireysel Ürünler Satış Ve Paz. A.Ş.	1.379	-	-	-
BNR Teknoloji A.Ş.	110.088.705***	-	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	10.620	-	-	-
Boyner San. ve Mensuca Fab. A.Ş.	-	-	-	-
Other	-	-	-	179
Total	112.525.576	15.772.640	1.628.362	66.251.281

*** The indicated total comprises the debt incurred upon notes received from related parties.

**** Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. has acquired shares of TL 20.096.712, representing 21,83% of the nominal share capital of Boyner Büyük Mağazacılık A.Ş., a company within the portfolio of Boyner Holding A.Ş., for a total of TL 65.490.000 with respect to the valuation made by related legal authorities. Similarly, Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. has also acquired shares of TL 43.112.500, representing 49,99% of the nominal share capital of Beymen Mağazacılık A.Ş. for a total of TL 215.000.000 with respect to the valuation made by related legal authorities.

30. Related Party Disclosures (continued)

c) Transactions with related parties are summarized below (TL) :

Income	31 December 2011	31 December 2010
Sale of goods	68.241.353	22.700.601
Service sales	2.118.022	997.666
Other sales	1.214.094	1.382.627
Foreign exchange gains	13.374.339	13.353.124
Interest income	30.167.299	23.842.952
Total	115.115.107	62.276.970

Expenses	31 December 2011	31 December 2010
Procurement of goods	2.258.411	15.743.606
Service acquisitions	4.398.615	4.902.563
Holding consultancy share	8.406.452	2.303.944
Other acquisitions	284.480.823	22.146.247
Foreign exchange losses	4.711.144	13.353.124
Interest expenses	-	3.580.986
Total	304.255.445	62.030.470

30. Related Party Disclosures (continued)

d) Sales made to and purchases made from related parties for the years ended 31 December 2011 and 2010 are elaborated on company basis in the table below (TL) :

Purchases	31 December 2011			31 December 2010		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Boyner Holding A.Ş.	-	9.348.545	285.378.212*	-	4.620.773	27.238.308
Boyner Büyük Mağazacılık A.Ş.	-	15.750	3.374.631	185.208	117.297	1.402.595
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	71.800	-	-	-	-
Altın Petrol Ürünleri San. ve Tic. A.Ş.	-	-	-	-	9.331	31.689
BBA Beymen Boğaziçi Alboy Mağazacılık Teks. San. ve Tic. A.Ş.	142.005	26.543	-	14.923.618	178.343	10.331.623
Bofis Turizm ve Ticaret A.Ş.	-	1.099.376	-	-	541.577	-
Alsis Sigorta Acentalığı A.Ş.	-	1.788.982	-	-	1.735.459	-
Benetton Giyim San.Tic. A.Ş.	561	-	171.768	43.617	-	76.142
Beymen Mağazacılık A.Ş.	1.156.497	-	10.743	591.163	3.727	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	-	1.169	-	-	-	-
BNR Teknoloji A.Ş.	-	229.414	256.613	-	-	-
H.F. Boyner Bıraderler Eksport A.Ş.	-	-	-	-	-	-
BR Mağazacılık A.Ş.	959.348	214.157	-	-	-	-
Boyner San. ve Mensucat Fab. A.Ş.	-	9.331	-	-	-	-
Total	2.258.411	12.805.067	289.191.967	15.743.606	7.206.507	39.080.357

* Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. has acquired shares of TL 20.096.712, representing 21,83% of the nominal share capital of Boyner Büyük Mağazacılık A.Ş., a company within the portfolio of Boyner Holding A.Ş., for a total of TL 65.490.000 with respect to the valuation made by related legal authorities. Similarly, Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. has also acquired shares of TL 43.112.500, representing 49,99% of the nominal share capital of Beymen Mağazacılık A.Ş. for a total of TL 215.000.000 with respect to the valuation made by related legal authorities. TL 280.490.000 of total amount is related to purchasing shares.

30. Related Party Disclosures (continued)

d) Sales made to and purchases made from related parties for the years ended 31 December 2011 and 2010 are elaborated on company basis in the table below (TL) (continued):

Sales	31 December 2011			31 December 2010		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Boyner Holding A.Ş.	-	1.904.735	44.320.336	-	997.666	30.729.186
BBA Beymen Boğaziçi Alboy Mağazacılık Teks.San. ve Tic. A.Ş	279.640	-	435.396	254.969	-	7.776.060
Beymen Mağazacılık A.Ş.	5.229.928	-	-	3.089.875	-	-
Boyner Büyük Mağazacılık A.Ş.	29.183.054	90.961	-	18.250.878	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	-	-	-	-	-
Altın Petrol Ürünleri San.Tic.A.Ş.	-	-	-	-	-	20.267
Benetton Giyim San.Tic. A.Ş.	405.174	28.253	-	1.103.600	-	-
Boyner Bireysel Ürünler Sat.ve Paz.A.Ş.	-	-	-	897	-	-
Bofis Turizm ve Ticaret A.Ş.	-	-	-			
H.F. Boyner Biraderler Export A.Ş	-	-	-	382	-	-
BR Mağazacılık	31.570.525	86.599	-	-	-	-
Alsis Sigorta Acentalığı A.Ş.	-	-	-	-	-	53.190
Boyner San. ve Mensuca Fab. A.Ş	-	-	-	-	-	-
Fırsat Teknoloji A.Ş.	1.573.032	7.474	-	-	-	-
BNR Teknoloji A.Ş.	-	-	-	-	-	-
Total	68.241.353	2.118.022	44.755.732	22.700.601	997.666	38.578.703

e) The top management team comprises of board members, general manager and deputy general managers. As of 31 December 2011, the Company has provided as remuneration a total of TL 20.000 to the independent board members and a total of TL 8.953.429 to the top executives, adding up to a total remuneration of TL 8.973.429. (31 December 2010 – independent board members: TL 20.000, top executives TL 4.905.717, total remuneration: TL 4.925.617).

f) As of 31 December 2010, the Parent Company has appeared as co-debtor of the murabaha syndicated loans granted to Boyner Holding A.Ş. As of 31 December 2010, the said loans amount to a total of USD 8.750.000. There are no murabaha loans as of 31 December 2011.

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments

The Group's management policies and implementations related to risks arising from financial instruments are stated in the following:

i. Funding Risk

The funding risk on the present and potential liabilities is monitored through providing sufficient amount of funding commitments from loan providers with high funding potential.

ii. Credit Risk

Credit risk is the risk of loss arising from one of the parties to a transaction that does not fulfill his liabilities in relation to a financial instrument. The Group tries to monitor its credit risk through limiting the transactions made with certain parties and by continuous evaluation of the credibility of its related parties.

Majority of the trade receivables are due from dealers and related companies. The Group has established an effective control system over the dealers and the credit risk arising from these transactions are followed up by the management. The Group has a high number of customers; hence its credit risk is dispersed. In managing the risk arising from non-related parties, the Group receives bank guarantees, credit insurance, mortgages on real estate and guarantee cheques and notes based on a principle to secure its receivables to the highest extent possible.

The collection of payments against exports is secured by Letter of Credit, guarantee letters, or advance payment methods.

The credit risks incurred by the Group by type of financial instruments are set out in the table below:

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

ii. Credit Risk (continued)

As of 31 December 2011 and 2010, the credit risks incurred by the Group by type of financial instruments are set out in the table below:

	31 December 2011					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Other
Maximum credit risk incurred as of the reporting date (1)(Notes 6,10,11)	33.606.629	273.205.793	1.824.400	675.350	14.641.106	6.166.622
- Part of maximum risk covered by collaterals (Note 16)	-	71.669.136	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	33.606.629	241.177.672	1.824.400	675.350	14.641.106	6.166.622
B. Book value of financial assets whose conditions are revised, which otherwise would be considered as overdue or impaired	-	21.390.155	-	-	-	-
- Portion covered by collaterals(3)	-	37.523.000	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	10.637.966	-	-	-	-
- Portion covered by collaterals (4)	-	1.126.950	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	5.711.052	-	-	-	-
- Impairment loss (-)	-	(5.711.052)	-	-	-	-
- Portion covered by collaterals	-	-	-	-	-	-

(1) The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.

(2) The indicated totals comprise customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.

(3) The Group has obtained guarantee notes of TL 29.800.000 and mortgages of TL 7.723.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

(4) The Group has obtained guarantee notes of TL 801.950, guarantee cheques of TL 100.000 and mortgages of TL 225.000 against its overdue receivables which are not impaired.

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

ii. Credit Risk (continued)

	31 December 2010					
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party	Bank deposits	Other
Maximum credit risk incurred as of the reporting date (1) (Notes 6,10,11)	6.558.144	170.137.796	216.703.357	972.064	8.147.459	2.986.616
- Part of maximum risk covered by collaterals (Note 16)	-	65.419.666	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	6.558.144	139.617.054	216.703.357	972.064	8.147.459	2.986.616
B. Book value of financial assets whose conditions are revised, which otherwise would be considered as overdue or impaired	-	21.398.502	-	-	-	-
- Portion covered by collaterals	-	38.893.000	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	9.122.240	-	-	-	-
- Portion covered by collaterals (3)	-	2.422.373	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	6.125.310	-	-	-	-
- Impairment losses (-)	-	(6.125.310)	-	-	-	-
- Portion covered with collaterals	-	-	-	-	-	-

(1) The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.

(2) The indicated totals comprise customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.

(5) The Group has obtained mortgages of TL 9.093.000 and guarantee notes of TL 29.800.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

(3) The Group has obtained guarantee notes of TL 2.322.373 and guarantee cheques of TL 100.000 against its overdue receivables which are not impaired.

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

ii. Credit Risk (continued)

The aging chart of the Group's overdue assets which are not impaired is as follows (TL):

Trade Receivables	31 December 2011	31 December 2010
1 – 30 days past due	3.630.282	3.580.971
1 – 3 months past due	844.031	312.769
3 – 12 months past due	5.599.975	336.749
More than 12 months past due	563.678	4.891.751
Total	10.637.966	9.122.240
Portion covered by collaterals	1.126.950	2.422.373

iii. Liquidity Risk

The Group is eligible to use banks as well as its suppliers and shareholders as funding resources. The Group's liquidity risk is continuously evaluated through determining and monitoring changes in funding conditions required for achieving the targets set within the scope of the Group's strategy.

The Group manages liquidity risk by monitoring expected and actual cash flows on regular basis and by maintaining continuity of funds and borrowing reserves through matching the maturities of financial assets and liabilities.

As of 31 December 2011 and 2010, the Group's liquid assets (current assets – inventories) exceed its short term liabilities by TL (360.461.258) and TL 56.745.195, respectively.

The Group works on extending the borrowing terms in the coming periods.

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

iii. Liquidity Risk (continued)

As of 31 December 2011 and 2010, the liquidity risk arising from the Group's financial liabilities consist of the following:

31 December 2011

Maturities per Contract	Book Value	Total Cash Outflows per Contract	Less than 3 months	3-12 months	1-5 Years	5 – 10 years
Non-Derivative Financial Liabilities						
Bank Loans (Note 8)	444.732.140	484.858.870	201.408.119	88.929.131	193.314.620	1.207.000
Lease Obligations (Note 8)	15.106.742	16.774.619	1.748.497	5.080.241	9.945.881	-
Other Financial Liabilities (Note 9)	99.314.672	99.314.673	31.541.254	67.773.419	-	-
Trade Payables to Related Parties (Notes 10, 30)	112.525.576	115.782.910	26.882.353	88.699.690	200.867	-
Other Trade Payables (Note 10)	143.407.321	144.796.186	89.503.437	55.292.749	-	-
Other Payables to Related Parties (Note 11)	15.772.640	15.772.640	15.772.640	-	-	-
Other Payables (Note 11)	9.991.095	9.991.095	9.991.095	-	-	-
Total	840.850.186	887.290.993	376.847.395	305.775.230	203.461.368	1.207.000

31 December 2010

Maturities per Contract	Book Value	Total Cash Outflows per Contract	Less than 3 months (I)	3-12 months (II)	1-5 Years (III)	5 – 10 years (IV)
Non-Derivative Financial Liabilities						
Bank Loans (Note 8)	324.544.462	358.948.102	95.731.946	42.360.034	213.290.518	7.565.604
Lease Obligations (Note 8)	3.484.013	3.774.651	1.084.380	1.388.290	1.301.981	-
Other Financial Liabilities (Note 10)	67.463.901	67.463.901	28.784.883	38.679.018	-	-
Trade Payables to Related Parties (Note 10)	1.628.362	1.643.889	1.278.623	365.266	-	-
Other Trade Payables (Note 10)	77.042.017	77.562.500	13.936.553	63.625.947	-	-
Other Payables to Related Parties (Note 11)	66.251.281	67.465.626	165.520	67.300.106	-	-
Other Payables (Note 11)	9.439.538	9.439.538	9.439.538	-	-	-
Total	549.853.574	586.298.207	150.421.443	213.718.661	214.592.499	7.565.604

As of 31 December 2011, the sum of open credits classified among contract cash outflows maturing in less than 3 months amounts to TL 69.500.688 (31 December 2010 – TL 59.031.209).

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

iv. Price Risk

For hedging purposes, the Group monitors its price risk through sales, cost, and profitability analyses and following up on changes in market conditions.

v. Foreign Currency Risk

The Group carries foreign currency risk because of its foreign currency loans and payables abroad. The risk is decreased at a certain rate due to the exports and foreign currency receivables from the local market.

The rate of net foreign currency position to equity is monitored by the management on regular basis.

The foreign currency risk is anticipated to decrease upon using local resources to cover some of the purchases made abroad.

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

v. Foreign Currency Risk (continued)

Foreign currency position as of 31 December 2011 and 2010 is set out in the table below:

	31 December 2011						31 December 2010					
	TL Equivalent (Functional Currency)	USD	Euro	GBP	CHF	IRR	TL Equivalent (Functional Currency)	USD	Euro	GBP	CHF	IRR
1. Trade Receivables	27.063.859	9.280.827	3.580.925	268.166	-	-	10.050.552	3.207.919	1.772.115	611.181	-	-
2a. Monetary Financial Assets (including Cash and Bank deposits)	8.303.216	1.000.486	2.545.767	64.992	42	14.213.904	3.989.904	723.896	1.361.022	34.255	42	-
2b. Non-monetary Financial Assets	23.417.381	9.263.242	2.389.458	3.939	34.491	-	9.277.208	4.804.915	902.254	-	-	-
3.Other	16.703	-	6.835	-	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	58.801.159	19.544.555	8.522.985	337.097	34.533	14.213.904	23.317.664	8.736.730	4.035.391	645.436	42	-
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	38.680.340	25.019.625	-	-	-	-
6b. Non-monetary Financial Assets	445.901	105.363	15.860	-	-	1.240.300.000	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-	-
8. Long Term Assets (5+6+7)	445.901	105.363	15.860	-	-	1.240.300.000	38.680.340	25.019.625	-	-	-	-
9. Total Assets (4+8)	59.247.060	19.649.918	8.538.845	337.097	34.533	1.254.513.904	61.998.004	33.756.355	4.035.392	645.436	42	-
10. Trade Payables	116.036.786	41.672.582	15.161.668	5.274	3.059	1.477.000.000	33.421.340	11.800.402	7.369.293	15.311	12.363	139.144.439
11. Financial Liabilities	102.910.260	29.724.769	19.135.422	-	-	-	24.759.192	12.316.520	3.054.166	-	-	-
12.a Monetary Other Liabilities	89.279	-	36.533	-	-	-	-	-	-	-	-	-
12.b Non-monetary Other Liabilities	665.917	217.922	104.035	15	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	219.702.242	71.615.273	34.437.658	5.289	3.059	1.477.000.000	58.180.532	24.116.922	10.423.459	15.311	12.363	139.144.439
14. Trade Payables	-	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	170.126.076	3.172.781	67.163.029	-	-	-	177.491.448	25.106.262	67.413.366	-	-	-
16.a Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
16.b Non-monetary Other Liabilities	13.140	-	5.377	-	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	170.139.216	3.172.781	67.168.406	-	-	-	177.491.448	25.106.262	67.413.366	-	-	-
18. Total Liabilities (13+17)	389.841.458	74.788.054	101.606.064	5.289	3.059	1.477.000.000	235.671.979	49.223.183	77.836.824	15.311	12.363	139.144.439
19. Net asset / (liability) position of derecognized foreign currency derivative instruments (19a-19b)	-	-	-	-	-	-	-	-	-	-	-	-
19a. Total value of derecognized derivative instruments of asset nature in foreign currency	-	-	-	-	-	-	-	-	-	-	-	-
19b. Total value of derecognized derivative instruments of liability nature in foreign currency	-	-	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(330.594.398)	(55.138.136)	(93.067.219)	331.808	31.474	(222.486.096)	(173.673.975)	(15.466.828)	(73.801.433)	630.126	(12.322)	(139.144.439)
21. Monetary Items Net Foreign Currency Asset /(Liability) Position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(353.795.326)	(64.288.819)	(95.369.960)	327.884	(3.017)	(1.462.786.096)	(182.951.184)	(20.271.744)	(85.127.147)	630.126	-	-
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged Portion of Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
24. Hedged Portion of Foreign Currency Liabilities	-	-	-	-	-		-	-	-	-	-	-
25. Exports	73.235.143	19.760.310	16.051.738	692.368	-	-	43.929.550	10.335.088	12.954.582	987.512	-	-
26. Imports	145.258.212	60.999.559	18.526.353	13.231	141.266	-	85.046.832	31.985.365	12.466.677	282.263	115.839	-

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

v. Foreign Currency Risk (continued)

Foreign Currency Sensitivity Analysis

As of 31 December 2011 and 2010, a potential change of 10% in Turkish Lira against the foreign currencies stated below will decrease the Group's profit by the amounts stated below. This analysis is based on the assumption that variables, especially the interest rates, will remain constant.

31 December 2011				
	Profit/Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
When USD changes by 10% against TL:				
1- Net assets /liabilities in USD	(10.415.042)	10.415.042	-	-
2- Portion hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	(10.415.042)	10.415.042	-	-
When Euro changes by 10% against TL:				
4- Net assets /liabilities in Euro	(22.743.767)	22.743.767	-	-
5- Portion hedged from Euro risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	(22.743.767)	22.743.767	-	-
When other currencies change at an average of 10% against TL:				
7- Net assets /liabilities in other foreign currencies	99.369	(99.369)	-	-
8- Portion hedged from the risk of other foreign currencies (-)	-	-	-	-
9- Net Effect of Other Foreign Currencies (7+8)	99.369	(99.369)	-	-
TOTAL (3+6+9)	(33.059.440)	33.059.440	-	-

31 December 2010				
	Profit/Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
When USD changes by 10% against TL:				
1- Net assets /liabilities in USD	(2.391.172)	2.391.172	-	-
2- Portion hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	(2.391.172)	2.391.172	-	-
When Euro changes by 10% against TL:				
4- Net assets /liabilities in Euro	(15.122.652)	15.122.652	-	-
5- Portion hedged from Euro risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	(15.122.652)	15.122.652	-	-
When other currencies change at an average of 10% against TL:				
7- Net assets /liabilities in other foreign currencies	146.426	(146.426)	-	-
8- Portion hedged from the risk of other foreign currencies (-)	-	-	-	-
9- Net Effect of Other Foreign Currencies (7+8)	146.426	(146.426)	-	-
TOTAL (3+6+9)	(17.367.398)	17. 367.398	-	-

31. Nature and Extent of Exposure to Risks Arising from Financial Instruments (continued)

vi. Interest Rate Risk

The Group is exposed to interest risk because of its interest generating assets and liabilities. The Group's activities are exposed to the risk of interest rate fluctuations when the interest -sensitive assets and liabilities are depreciated at different times and amounts or when their prices are revised. The said interest rate risk is continuously monitored and managed by the company management by balancing the Company's interest-sensitive assets and liabilities.

For the purpose keeping the effect of interest rate fluctuations on the financial debts at a minimum level, the company management maintains the "fixed interest/variable interest" and "TL/foreign currency" balances in these liabilities.

Interest Risk Sensitivity Analysis

The financial instruments of the Group which are sensitive to interest rates are stated in the following (TL):

		31 December 2011		31 December 2010
Financial instruments with fixed interest				
Financial assets		420.000		2.750.000
-Time deposits (Note 6)	420.000		2.750.000	
Financial liabilities		261.321.909		217.199.579
Financial instruments with variable interest				
Financial liabilities		198.516.973		110.828.896

If the interest on loans with variable interest denominated in TL, USD and Euro on renewal dates were higher/lower by 100 basis points with all other variables remaining constant as of 31 December 2011, the current period profit before tax would be lower/higher by TL 1.332.881 as a result of high/low interest expenses arising from loans with variable interest (31 December 2010 – TL 1.363.381).

vii. Capital Risk Management

In capital management, the Group aims to enable continuity of the Group's operations and to maintain the most suitable capital structure so as to provide earnings to its partners and benefits to other shareholders and to decrease capital cost.

In order to maintain or re-arrange the capital structure, the Group may change the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares, and sell its assets in order to decrease the level of its borrowings.

The Group monitors the share capital by using the debt/equity ratio. This ratio is found by dividing the net total debts to total equity. The net total debts is calculated by deducting the cash and cash equivalents from the total financial debts (long or short term).

	(TL)	
	31 December 2011	31 December 2010
Financial debts	459.838.882	328.028.475
Less: cash and cash equivalents	(20.807.728)	(11.134.075)
Net financial debts	439.031.154	316.894.400
Total equity	307.194.708	307.133.816
Net financial debts/total equity ratio	143%	103%

32. Fair Value Disclosures Related to Financial Instruments

The market values and carrying values of financial assets and liabilities are set out in the table below (TL) :

	31 December 2011		31 December 2010	
	Carrying Value	Market Value	Carrying Value	Market Value
Financial assets				
Cash and cash equivalents	20.807.728	20.807.728	11.134.075	11.134.075
Other trade receivables	273.122.492	273.122.492	169.996.659	169.996.659
Trade receivables from related parties	33.606.629	33.606.629	6.558.144	6.558.144
Other receivables	126.140	126.140	584.972	584.972
Other receivables from related parties	1.824.400	1.824.400	216.703.357	216.703.357
Other current assets *	40.998	40.998	417.843	417.843
Long term trade receivables	83.301	83.301	141.137	141.137
Long term other receivables	549.210	549.210	387.092	387.092
Long term financial assets	288.831.924	279.221.209	31.254.921	31.254.921
Financial liabilities				
Short term financial debts	(268.917.957)	(268.917.957)	(134.515.458)	(134.515.458)
Other financial liabilities	(99.314.672)	(99.314.672)	(67.463.901)	(67.463.901)
Trade payables	(143.407.321)	(143.407.321)	(77.042.017)	(77.042.017)
Trade payables to related parties	(112.324.709)	(112.324.709)	(1.628.362)	(1.628.362)
Other payables to related parties	(15.772.640)	(15.772.640)	(66.251.281)	(66.251.281)
Long term financial debts	(190.920.925)	(190.920.925)	(193.513.017)	(193.513.017)
Long term trade payables to related parties	(200.867)	(200.867)	-	-
Net	(211.866.269)	(221.476.984)	(103.235.836)	(103.235.836)

** Non-financial instruments such as advances given, deferred VAT, other VAT, expenses related to future months and prepaid taxes and funds are not included in the 'other current assets'.

The Group does not have hedge accounting implementations.

33. Events After the Reporting Period

a) The upper limit of termination indemnity which stood at TL 2.731,85 as of 31 December 2011 has been increased to TL 2.805,04 as of 1 January 2012 (31 December 2010 – TL 2.517,01).

b) As per the resolution dated 24 February 2012 made by the Board of Directors of Boyner Büyük Mağazacılık A.Ş., an entity included in the consolidation by equity method, a Share Acquisition Agreement has been entered into between Boyner Büyük Mağazacılık A.Ş. and Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş. (YKM Pazarlama A.Ş.) for the purpose of acquisition of 63% of YKM A.Ş. shares and a direct 20,62% of the shares of YKM Pazarlama A.Ş., an affiliate in which YKM A.Ş. has a participation of 56,25%.

33. Events After the Reporting Period (continued)

c) As of 29 January 2012, Beymen Mağazacılık A.Ş., an entity included in the consolidation by equity method, has paid 100 million Iraqi Dinar (USD 83.683) to make a 50-50% joint venture with another company for the purpose of running a retail store in Erbil.

d) As of March 2012, the Parent Company has signed a loan agreement with Standard Bank PLC for a total of USD 30.000.000 in which Boyner Holding A.Ş. has participated as the guarantor.