YÜNSA

YÜNLÜ SANAYİ VE TİCARET A.Ş.

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AGENDA

1. Opening and forming the Chairman's Panel.

2. Authorization of the Chairman's Panel to sign the minutes of the Ordinary General Assembly.

3. Presentation and discussion on the Board of Directors' 2009 Activities Report and Auditors' Report.

4. Presentation, discussion and approval of the Balance Sheet and Income Statement for the year 2009 and voting upon the appropriation of the proposal for dividend pay-out.

5. Ratification of the acts of the Board of Directors and the Auditors.

6. Ratification of the independent auditors, determined by the Board of Directors.

7. Authorization of the Chairman and the members of the Board of Directors to conduct the procedures stated by the articles 334 and 335 of the Turkish Commercial Code.

CONTENTS

Chairman's Message

Distinguished shareholders,

We invited you to the Ordinary General Assembly of Shareholders to inform you about the results of 2009 and to present for your approval the Balance Sheet and Income Statement for this period. It is a pleasure to meet with you again after a year.

The global crisis which had started in the financial system in 2008, rapidly transformed into a liquidity and trust crisis which affected the real economies in 2009. The economic shrinkage has made the year 2009 a difficult and an uncertain year for the world economies. Textile and ready-to-wear sectors, which were already through a turmoil before the break out of the economic crisis, have further weakened in competitiveness with the effect of the global crisis.

Despite the severe conditions of the market, Yünsa keeps the leader position in its own sector with its perfect and dynamic human resources and also with its best quality products. As of today, Yünsa is the largest worsted wool fabric producer both in Turkey and Europe as a whole and Turkey's leading worsted wool fabric exporter. Our company ranks among the world's top ten producers of worsted woolen fabric.

Our customers are always the focal point of the entire activities and efforts we make. This focus hasn't been lost for a moment during the crisis and we have strengthened our relations with the customers and followed the rapid changes in conditions. Yünsa took certain measures to minimize the effects of the negative business environment and sustained its operations through a proactive and flexible strategy with its strong capital structure, customer-centric approach, management acumen and efficient cash and performance management.

We perceive the deepened, concentrated and differentiated competition sizes and emphasize on the importance of thinking differently by stating that good observations, sector tendencies, progress grasping and development strategies rely on the notion of thinking differently. In the crisis environment during 2009, beyond the idea of finding a solution to the emergency agenda, we have taken a few steps further by investigating and producing an idea that helps us think ahead of ourselves.

In 2009, besides keeping our strong ties with Europe, we have also restructured our sales and marketing activities in China and opened up a representative office in Shangai in order to increase the sales activities with the Far Eastern countries.

In the face of immensely negative developments across the world such as rapid deepening of global economic crisis, pressure of global recession expectations, consumer orientation to saving and thus implicit slackening in consumption, there had been a downturn in the ready-to-wear retail market. As a ramification of all these factors our subsidiary SKT Giyim Sanayi ve Ticaret A.Ş., has resulted in a rectification process.

In line with these developments, in 2009:

• Fabric sales were realized as 8.9 million meters.
• The share of exports in net consolidated turnover was 60%.
• The investments in 2009 focused mainly on modernization and totaled approximately $ 1.4 million on a US dollar basis.
• As a result of the global conjuncture and adverse realities in ready-to-wear market, in 2009 our worsted wool fabric activities resulted in a profit of 6.6 million TL and our ready-to-wear retail activities resulted in a loss of 5.1 million TL. As a result of our entire activities our consolidated net loss was 6.9 million TL.

In 2010, Yünsa, as a presenter of innovative products in line with customer demands, will continue to give utmost importance to customer satisfaction, brand value, commercial productivity and efficiency.

As of the beginning of year 2010, there exists a global conjuncture where the global crisis is getting under control and a recovery of the world economy is starting to take place. In many countries while unemployment rates are decreasing there are slight increases in the consumer confidence indexes. On the other hand; although the financial crisis has affected the entire global economy, the recovery processes has varied from region to region. We observe that with the effect of the economic reconstruction, strong domestic demand and robust financial sector, emerging markets begin to function even more rapidly than the developed countries. This prudent recovery encourages us for the year 2010 and we believe Yünsa will profit from this turbulent atmosphere by making use of its opportunities such as its global sales and marketing organizations.

Yünsa, with its strong and solid position, will continue to give trust and sustainable value to its business partners in the year 2010.

On behalf of the Board of Directors, I would like to extend our thanks and appreciation to our shareholders for their support, to our suppliers and business partners for their contributions and to our employees for their efforts and commitment to our Company.

HAKAN AKBAŞ

Sales

In the textile sector, which is marked by rapid changes in the expectations of the customers, anticipation of the market and the competitors is imperative for success as well as operational efficiency in production process. Foreseeing the direction the market demand would haul and taking the right strategic positioning require high level recognition of demand source, namely customers. Sales-based structure is no longer a sufficient condition to stay close to the market; but also sectoral dynamics, makes it necessary to have a worldwide strategy as to strong connection of collaboration with the customers and to act in a different approach towards sales. Rather than the past's sales concept, a more functional and collaborative approach that is based on targeting profit and market share increase, is formed.

With the customer based approach, fast coherency ability towards the market conditions and trends; Yünsa, by using the fractionation strategy, is keeping its success by being ahead of its competitors. Being Turkey's and Europe's largest worsted wool and fabric producer and exporter, Yünsa ranks among the world's top ten producers of woolen fabric with its vision, high product quality, sectoral position and flexibility in production.

Yünsa has integrated a rich textile culture in its structure and works with more than 900 customers around the world thanks to its strong international network. Exporting to more than 60 countries, the company has sales offices in United Kingdom, Germany, United States and China and agents in many different countries.

The consolidated turnover of Yünsa reached 136.4 million TL in 2009.

In 2009, fabric sales reached 8.949 km, and the sales turnover of the fabrics marketed to many countries reached 5,526 km in 2009. The company exports 61.7 % of its fabric production and sells 38.3 % of its production to the domestic market.

Production and Technology

In addition to 100% wool products, Yünsa also produces cashmere, silk, lycra, polyester and viscon blended wool fabrics. Yünsa manufactures fabrics for men's and women's apparel, namely fabrics for men's and women's uniforms and upholstery.

In today's market conditions, it became a must for the actors of dynamic markets such as the textile sector, to adapt their abilities and resources to natural and utmostly flexible business processes. In order to further their operations and to be ahead of their competitors, enterprises constantly need to keep improving their existing production factors and products.

The main objective of the company is to create a difference by putting emphasis on a customer-focused approach and to continue producing high quality products. The main factors to reach this objective are to give importance to innovation, to constantly develop knowledge and technology, and to use these in the most productive manner. Under the difficult conditions of the textile sector, Yünsa uses state-of-the-art technologies in production through its innovation and modernization investments in order to further improve its competitive power that is sustainable from the perspectives of both quality and price.

Yünsa, by bearing towards products that are know-how based and have high levels of accretion value, also attaches importance to research and development activities on a strategic level.

In 2009, Yünsa, which adopted the philosophy of corporate excellence in parallel with the rapidly changing quality approaches, continued its work on the EFQM Excellence Model in order to not limit this approach to production only and to expand it to all processes to reach maximum quality.

Yünsa is a part of TURQUALITY® program which remains the world's first and only state-sponsored branding project.

Yünsa products manufactured in accordance with the ISO 9001 Quality System Standard also have Eko-Tex 100 certification given by the German Hohenstein Institute which certifies that the products do not harm the environment or human health.

Investments

As a player in the textile sector, where there is severe competition, high production and labor costs and in which market players lost ground and market share in 2009, Yünsa continued its marketing and sales activities to maintain its market leadership through its capability to rapidly respond to the new market dynamics defined by the economic crisis and adapt its production rhythm to this changing market cycle, high added value, high quality and differentiated products and short delivery times; it also maintained its modernization and improvement investments to improve product quality and decrease industrial costs.

In the textile sector, operational factors like rapid changes in expectations, various seasons, diversified materials, customer based products, external factors that affect colorization and techniques, as well as constant affect of competition on profitability, pressure of price, short delivery times and complex production structures constitute utmost importance.

Companies that invest in research & development, technology, infrastructure and human resources will survive based on the assumption that companies that have a strong financial structure, as well as sectoral motivation, knowledge and experience, will be able to grow in the textile sector in the near future.

Yünsa, aware of the fact that cost- and price-focused approaches will be insufficient under the current conditions, does not limit its investments to improving its technologies and puts maximum emphasis on improving its innovation capabilities and on the vocational training of its human resources as its most important asset.

Activities

Investments

Developments in investments

In 2009, investments worth US$ 619.805 were made for domestic and imported goods' subsidized investments in accordance with the Investment Subsidy Certificate number 79575, dated 10.05.2005 and granted by the Subsidy and Implementation Department of the State Planning Organization.

Taking into consideration other unsubsidized investments, the company's investments reached approximately US$ 1,4 million on a US Dollar basis and TL 2.2 million on a Turkish Lira basis in 2009.

2) Investment Incentives

In 2009, the company benefited from the subsidies such as customs exemption, VAT exemption, and tax and duty exemptions in accordance with its subsidy certificate.

B. Activities regarding the production of goods and services

1) Capacity utilisation and progress

In 2009, the capacity use of our production lines was as follows:

	2009	Annual Change
Worsted yarn	% 79	(-) % 10,0
Fabric	% 82	(-) % 11,0

2) Improvements in finished-product production in fabric sales

		2009	Annual Change
Worsted yarn	tons	2,333	(-) % 11,3
Fabric	km	9,082	(-) % 18,4

3) Sales volumes and revenues and changes in sales conditions in finished products in fabric sales

		2009	Annual Change
Fabric	km	8,949	(-) % 14,7
Domestic market	km	3,423	(-) % 15,1
Exports	km	5,526	(-) % 14,5

Breakdown of net fabric sales in 2009:

		2009
Textile	(TL)	128.293.972
Ready- to- wear	(TL)	8.147.094

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1.DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Yünsa A.. complies with the "Corporate Governance Principles" of the Capital Market Board (CMB).

PART 1 – SHAREHOLDERS

2. Shareholder Relations Unit

Our company's relations with shareholders are coordinated by the Head of Finance and Corporation Relations Mrs. Aslıhan Ece İrtiş (Tel: 0212 385 87 00 Fax: 0212 282 50 68 e-mail: airtis@yunsa.com) who reports to the Financial Affairs Department.

In 2009, an average of one shareholder per month contacted us about requests to which the company responded promptly.

3. Shareholders' Exercise of the Right to Information

In the event of developments of interest to the shareholders, the Capital Market Board (CMB) and Istanbul Stock Exchange (ISE) are informed promptly with a special condition report. Our company web site also includes all kinds of information shareholders may need. In addition, we also handle the limited number of information requests by telephone and give relevant information to shareholders.

Individual request by each shareholder from the general assembly to appoint a special auditor devoted to exclusive survey and clarification of a particular material case has not been set as a right in our Company's Articles of Association; and we have not received any requests from shareholders about this right.

4. Information on General Assemblies

The invitation to the General Assembly held on 15 April 2009 was announced to the shareholders with a notice in the Commercial Registry Gazette and one of the national newspapers. Shareholders representing 68.1% of the shares attended this meeting. Since all of the shares are issued in the bearer's name, there are no time limitations on registry in the stock register. There were no proposals and/or questions brought by shareholders. The results of the business activities were prepared and ready for the perusal of shareholders; they were also sent by mail to the shareholders that requested them.

The Articles of Association does not contain a provision about the General Assembly taking decisions of importance. No need was felt for such a provision since the Board of Directors represents the will of the General Assembly.

The minutes of the General Assembly are available at www.yunsa.com

5. Voting and Minority Rights

The Articles of Association does not envisage privileged voting rights. Shareholders have one vote per share. The Articles of Association does not include any arrangements concerning cumulative votes.

6. Profit Distribution Policy and Period

In line with the provisions of the CMB and legal regulations, the company has the tendency to distribute at least half of the profit that can be distributed. Every year, the Board of Directors prepares a profit distribution proposal based on the national and macroeconomic conditions of Turkey, projects on the company's agenda and its financial resources.

The Annual Report contained a separate section on the proposal for profit distribution which was communicated to the shareholders before the General Assembly. The annual report of the company is also available at www.yunsa.com

7. Transfer of Shares

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares.

PART II – INFORMING THE PUBLIC AND TRANSPARENCY

8. Company Information Disclosure Policy

Our Company implements an information disclosure policy as defined in CMB Corporate Governance Principles.

Under this policy, audited 6-month consolidated financials, audited 12-month consolidated financials as well as 3-month and 9-month consolidated financials are disclosed to the public through material events disclosures via ISE. Disclosure of reports prepared in line with International Financial Reporting Standards (IFRS) has been made within the periods set by CMB.

Apart from such disclosures that have been requested by regulations, in line with other information that would not be qualified as trade secrets have been disclosed to public by the Company at its own discretion for information-sharing purposes for investors.

All subject disclosures are available in Company web page at www.yunsa.com

9. Disclosure of Material Events

In 2009, our Company has made 12 disclosures on material events to CMB or ISE according to CMB regulations. Neither CMB, nor ISE requested an additional explanation about any of these reports. Our Company's shares are not listed at foreign stock exchanges.

10. Company's Internet Site and its Contents

The company has an Internet site with the following address:

www.yunsa.com

The company's Internet site includes the commercial registry information, the company's current shareholding and management structure, detailed information on shares, the current version of the Articles of Association along with the dates and numbers of the Commercial Registry Gazettes in which the amendments were published, disclosures of material events, periodic financial statements and reports, memoranda and public offering circulars, the agendas of General Assemblies, lists of participants and meeting minutes, form for proxy voting, mandatory information forms and other forms for collecting shares or powers of attorney by invitation, minutes of important Board of Directors decisions which may have an impact on the value of the Capital Market instruments, and frequently asked questions which include the information requests, questions and notices received by the company and its responses to these.

The web site also includes information on products, production activities, human resources and international fairs that the company participated in.

The information on the Internet site is also available in English for the benefit of foreign investors.

11. Disclosing the Natural Person(s) Holding Dominant Shares

The company does not have any natural persons who hold the dominance of the shares.

12. Disclosing the Individuals who have Access to Insider's Information

The list of individuals who have access to insider's information is given in the Annual Report under the heading of Members of the Board of Directors and Top Management and is disclosed to the public with the Annual Report.

PART III – STAKEHOLDERS

13. Informing Stakeholders

Stakeholders are informed of Company-related facts through disclosures made under the relevant legislation.

Company's employees are also informed through meetings held on their specialization areas and on other related fields and through seminars and training programs, as well as through information sent via e-mail. There is a portal for employees, which enables them to have access to any kind of required information and document.
Mutual communication and exchange of information with customers and suppliers are considered vital and common projects are held for the improvement of business processes.

14. Stakeholders' Participation in Management

Participation of stakeholders in management is ensured through General Assembly meetings, periodical supplier meetings, questionaires and regular customer meetings. With these approaches, they are driven to participate in and contribute to effective management of the Company.

The employees participate in management through periodic company meetings such as the annual target setting and performance evaluation, quality, environmental, job security, self evaluation, communication, improvement and excellence meetings as well as various project groups and questionaries for business life evaluation. Thanks to meetings and process improvement interviews with customers and suppliers, the company receives feedback to ensure its effective management and their outputs are used to contribute to the business processes.

15. Human Resources Policy

Aware of the fact that its most important asset to succeed in the changing future is its human resources, the company has the objective of maintaining a working environment where:

- The employees are proud to be a part of the company,
- The employees can manifest their creativity,
- There is an environment based on mutual trust and open communication,
- Successes are appreciated, and
- Individuals take responsibility to reach common objectives.

Therefore, the company recruits and hires its human resources, according to the principle of equal opportunity, from among individuals who have a good potential for development, are flexible and can make positive contributions to change. We offer trainings and development opportunities that contribute to our employees' personal and professional development, business efficiency and productivity. We use fair, systematic, comprehensible and measurable performance systems based on predefined criteria to evaluate the extent to which our employees reach their targets. The employees have not filed any complaints about discrimination in or before 2009.

16. Information on Relations with Customers and Suppliers

The office of the Vice President for Sales and Marketing establishes direct links with the market to reach its sales objectives in target markets, ensures the production within the plant's limits of the products and designs the market needs, and adopts flexible pricing strategies to ensure the company's survival and growth under changing market and competitive conditions. Taking into consideration the significance of personal relationships in marketing and selling fabrics, it tries to enhance and strengthen customer relations through means such as trade fairs and customer visits. It ensures the commercial confidentiality of information about costumers and suppliers and takes all sorts of measures to create harmonious working relationships.

Our mission is to establish and maintain sound and long-term purchasing relationships with suppliers, to work with suppliers who are sensitive about laws on unfair competition, other relevant laws and ethical values, to prefer working with companies that are sensitive towards issues concerning quality, cost, productivity, delivery, occupational health and safety, and environmental health.

17. Social Responsibility

Our Company takes social responsibility concept in the context of environment, quality, workers' health and work safety. Our Environmental Policy was prepared and shared with all our employees. Our Çerkezköy plant is granted with ISO 14001 certificate. Also, our Company holds and periodically monitors all certificates and permits that are compulsory by law and regulations.

In line with ISO 14001 environmental management system, our Company operates in an environmentally sustainable manner and takes all necessary measures to derogate and eliminate environmental effects.

Our plant treats its waste waters in order to prevent the pollution of above- and underground waters. Also rain-water and reusable effluent is collected tobe used for the irrigation of greenfield sites of our plant. Yünsa's priorities include management, monitoring and measurement activities for the residential and industrial waste waters the facility generates, classifying, collecting, transporting, treating, recycling, utilization of solid wastes so that they do not harm the environment or public health, and the proper disposal of those wastes that cannot be recycled.

As an indication of the Company's respect to nature and social responsibility awareness, Yünsa planted saplings over an area of 25.000 metres under reforestation projects to contribute to a better future.

In this context; dividend contributions made to Hacı Ömer Sabancı Foundation and donations to schools, health centers, foundations and associations in Çerkezköy where our plant is, offering internship positions to approximately 60 students every year and hiring disabled individuals or ex-convicts are examples of social responsibility activities.

There were no suits filed against the company in 2009 concerning environmental pollution.

PART IV – BOARD OF DIRECTORS

18. The Structure and Formation of the Board of Directors and the Independence of its Members

The company is managed and represented by a Board of Directors composed of 5 members elected by the General Assembly from among shareholders and in accordance with the provisions of the Turkish Commercial Code.

NAME & LAST NAME	TITLE	POSITION
Hakan Akbaş	Chairman	Non-executive
Mehmet Göçmen	Deputy Chairperson	Non-executive
Serra Sabancı	Member	Non-executive
Mevlüt Aydemir	Member	Non-executive
Fahreddin Cem Çelikoğlu	General Manager	Executive

There are no rules concerning the employment of members of the Board of Directors outside the company, neither are there any limitations on such employment. The members of the Board of Directors have been given freedom by the General Assembly to execute duties and transactions in accordance with Articles 334 and 335 of the Turkish Commercial Code.

19. Qualities of the Members of the Board of Directors

In principle, qualified individuals who have extensive knowledge and skills, have a certain background and experience, are knowledgeable about the company's sector and corporate management, have gained experience by working in the private or public sectors, and preferably hold a university degree shall be nominated for and elected member of the Board of Directors.

The Articles of Association does not stipulate the minimum qualities members of the Board of Directors should have.

20. The Company's Mission, Vision and Strategic Objectives

The company's mission is to become a preferred, value-generating and leading company by adopting pioneering and competitive approaches in different areas of textiles. In addition, our vision is set forth as to grow by creating a difference in textile products and services and to become a global power.

The company's Board of Directors has knowledge about creating, approving and implementing the strategic targets adopted by top management. The monthly Board of Directors meetings enable the monitoring of target realization and of the company's performance.

21. Risk Management and Internal Control Mechanism

The Quality Assurance Department established according to our Quality Certificate carries out the company's risk management and internal control activities. The Corrective Action Procedure ensures the correction of problems and the Preventative Action Procedure takes measures before potential risks arise. In addition, the regular internal examinations carried out by the Quality Assurance Department keep all of the departments informed about these issues.

In our Company, in addition to the Audit Committee, formed by two members of the Board of Directors, there is an Internal Audit Unit. Proposing measures and practices for minimization of all internal and external risks to protect rights and interests of the Company and auditing, monitoring of such practices constitute the basic duties of this unit.

22. The Authorities and Responsibilities of the Directors and Members of the Board of Directors

Managerial rights and representational authorities of Board of Directors are defined in the Articles of Association. Authorities and responsibilities of Executives are not regulated in the Articles of Association. However, such authorities and responsibilities have been set by Board of Directors.

23. The Working Principles of the Board of Directors

In 2009, the company's Board of Directors held a total of 27 meetings; 12 of these were held after obtaining one-on-one approvals and 15 after obtaining written approvals according to the provisions of the Turkish Commercial Code and the Articles of Association. The Board of Directors meets when the company's business and transactions necessitate it. However, it must meet at least once a month. The duties of the Secretariat are carried out by the Office of the Deputy General Manager for Financial Affairs. The Secretariat is responsible for information sharing and communication about meeting agendas and for preparing the meeting minutes.

In 2009, there were no dissenting opinions concerning the decisions taken by the members of the Board of Directors.

When the Board of Directors met to take decisions about issues falling under Section IV., Article 2.17.4 of the CMB Corporate Governance Principles, the active participation of members without excuses in the Board of Directors meetings has been ensured. Since the members of the Board of Directors had no questions about these issues, there is no such record in the minutes. The members of the Board of Directors are not granted weighted vote and/or veto rights on decisions concerning such issues. The members of the Board of Directors have the right to state their negative opinions in writing or orally. This right was not exercised by any of the members of the Board of Directors in meetings held in 2009.

24. Prohibition on Carrying out Transactions with or Competing against the Company

In 2009, Members of Board of Directors have not carried out transactions with the Company and have not engaged in any activity which competes with the Company in the same fields of activity.

25. Ethics Rules

The ethics rules for the company and its employees were prepared and shared with all employees. The written consent forms of all employees for these ethics rules are completed. The new employees are also informed about these ethics rules. Also renewals are made by Business Ethics Compatibility Declarations once a year.

26. The Number, Structure and Independence of the Committees of the Board of Directors

The company has set up an Audit Committee in order to ensure that the Board of Directors fulfills its duties and responsibilities in a sound manner. This committee works according to its authorities and responsibilities and makes recommendations to the Board of Directors. The Audit Committee is composed of two people who are also members of the Board of Directors. There were no conflicts of interest between the committee members in 2009. Also the Internal Audit Committee has started to practice its duties, the results of which are reported directly to the Board of Directors by one of its members.

Since the Board of Directors is directly involved with the corporate governance principles and the compliance with these principles, there was no need to establish a separate committee for this purpose.

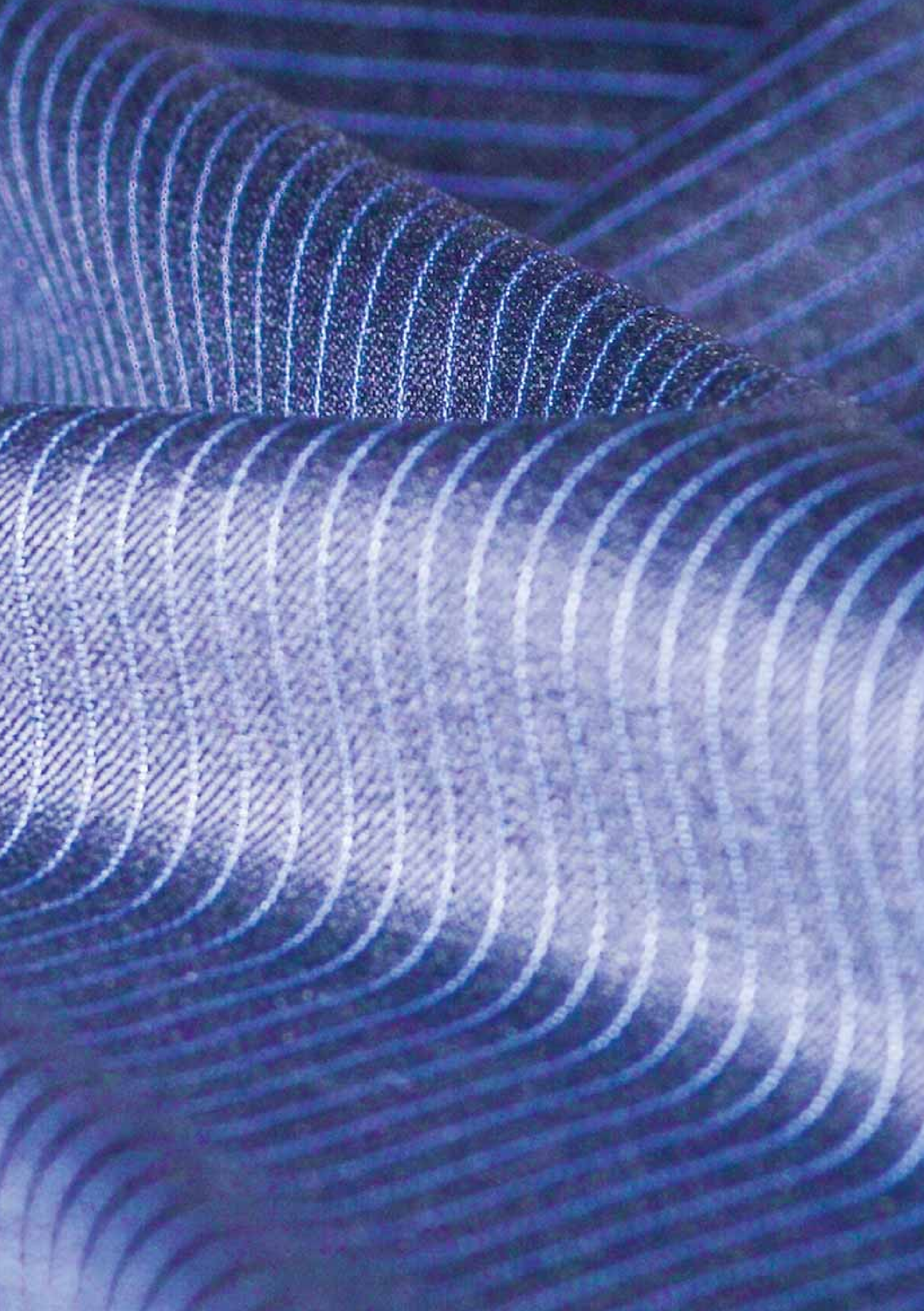
27. Financial Rights Granted to the Board of Directors

The per diems and attendance fees of the members of the Board of Directors are determined by the General Assembly according to the Articles of Association. There is no award system which bases the financial rights of the members of the Board of Directors according to the performance of the members or of the company.

In 2009, Company has not lent money to any Board Member; and has not provided credit to them; and has not prolonged the terms of existing loans and credits; and has not improved borrowing conditions; and has not extended credit under the name of personal credit means through a third person or has not provided warranties such as guarantee in their favour.

Profit Distribution Policy

In line with the provisions of the CMB and legal regulations, the company has the tendency to distribute at least 50% of the profit that can be distributed. Every year, the Board of Directors prepares a profit distribution proposal based on the national and macroeconomic conditions of Turkey, projects on the company's agenda and its financial resources.



Board of Directors and Top Management

Hakan AKBAŞ
Chairman of the Board of Directors
Born in 1969. He received a Bachelor of Science degree in Industrial Engineering from Bogazici University and a Masters of Business Administration from Simon School of Business in Rochester, NY. He held executive positions in Marketing, Strategic Planning and Business Development at Bausch & Lomb and Xerox Corporation in the USA. Lastly, he was working as Managing Director of Business Development at Xerox Global Services. Before joining Sabanci Holding, Mr. Akbas was Senior Vice President & Chief Marketing Officer of Document Sciences Corporation. In 2006 Hakan Akbas was appointed as the Sabanci Holding Strategy and Business Development Executive Vice President.

Mehmet GÖÇMEN
Deputy Chairperson of the Board of Directors
Born in 1957, he graduated from the Industrial Engineering department at the Middle East Technical University in 1981. He recieved his graduate degree from the Industrial Engineering department at the Syracuse University. He subsequently assumed various functions at Celik Halat, steel rope manufacturers, and Lafarge, and had been Akcansa's General Manager between 2003 and 2008. On August 1st, 2008 Mehmet Gocmen was appointed as the Sabanci Holding Human Resources Executive Vice President.

Serra SABANCI
Member of the Board of Directors
Serra Sabanci was born in 1975 in Adana. She graduated from the University of Porsmouth and Istanbul Bilgi University, the Department of Economics with a high honor degree. She started her carreer at Temsa. She participated in Institute of Directors (IoD) seminars and courses on board membership and mergers & acquisitions in London. Serra Sabanci is a member of the Sabanci Holding Board.

Mevlüt AYDEMİR
Member of the Board of Directors
He was graduated from Istanbul University, Faculty of Economics in 1972. He joined the Ministry of Finance as a Public Accountant and worked there till 1981. In 1981, he joined the Sabanci Holding and worked under different titles. Currently, he is the Head of Tax Management and Financing Department of Sabanci Holding.

TOP MANAGEMENT

Cem ÇELİKOĞLU
General Manager
Born in 1962, he graduated from METU Faculty of Administrative Sciences, International Relations Department. He has been working in our company since 17.12.1987 and was appointed as the General Manager of the company on 01.12.2002.

Semih UTKU
Chief Financial Officer
Born in 1962, he graduated from University of Baltimore with a BS degree in Business Administration-Finance. He has joined our company on 01.06.1999 and has been appointed to his current position on 01.01.2000.

Derya KINIK
Chief Technical Officer
Born in 1957. He graduated from Manchester University with BS and MS degrees in Textile Engineering. He has joined our company on 01.04.1999 and been appointed to his current position on 01.05.2000.

Hakan DEĞİRMENCİ
Chief Sales Officer
Born in 1965. He graduated from Middle East Technical University, Faculty of Administrative Sciences and has been working for the company since 17.12.1990. He was appointed to his current position on 01.01.2004.

Mehmet Emin ÇİĞDEM
Technical Coordination Director
Born in 1952, graduated from Istanbul Technical University, Faculty of Electronics and Communications Engineering. He has been working in our company since 17.02.1981 and was appointed to his current position on 20.01.2003.

Top Management

Muhterem BAHÇIVANOĞLU
Production Planning Manager
Born in 1958. He graduated from the Istanbul University, Faculty of Economics. He has been working for the company since 03.10.1984 and was appointed to his current position on 01.03.1995.

D.Hakan AYDINLIK
Chief Designer-Men's Fabric
Born in 1965. He graduated from the Marmara University, Faculty of Fine Arts. He has been working for the company since 03.07.1989 and was appointed to his current position on 01.12.1997.

Tarkan AYDIN
Chief Designer-Ladies' Fabric
Born in 1967. He graduated from the Marmara University, Faculty of Fine Arts. He has been working for the company since 01.12.1997.

Mehmet Kemal AKIN
Warping and Weaving Manager
Born in 1967. He graduated from Ege University, Textile Engineering. He has joined our company in 01.10.1990 and was appointed to his current position on 10.11.2005.

Muhammet EKEN
Spinning Mill and Finishing Manager
Born in 1968. He graduated from Istanbul Technical University, Textile Engineering with BS degree and from Victoria University of Manchester Textile Tech. with MS degree. He has joined our company on 15.06.1995 and was appointed to his current position on 10.11.2005.

Melik ERDİNÇ
Supply Manager
Born in 1970. He graduated from Istanbul University, Faculty of Business Administration. He received further education in Finance -Management at Fairleigh Dickinson University, from where he received his master's degree. He has joined our company on 26.07.1999 and was appointed to his current position on 01.01.2003.

Birol KANTUR
Marketing Manager - Domestic Market and Uniform Fabric
Born in 1973. He graduated from Istanbul University, Economics Department. He received his master's degree from NY Business Institute of Technology. He has joined our company in 01.12.1999 and was appointed to his current position on 01.06.2004.

Bora BİRGİN
Marketing Manager - Export Men's Fabric
Born in 1973. He graduated from University of Nottingham, Industrial Economics Department. He received his master's degree at UMIST. He has been working in the company since 19.03.1998 and was appointed to his current position on 01.06.2004.

Tamer TOK
Human Resources Manager
Born in 1967. He graduated from Ankara University Faculty of Political Sciences, Business Administration Department. He has been working in the company since 01.04.1996 and was appointed to his current position on 29.12.2006.

Ali Ozan GÜLŞENİ
Finance Manager
Born in 1972. He graduated from Marmara University, Faculty of Business Administration. He has been working for the company since 15.10.2009 and was appointed to his current position on 01.03.2010.

Gürhan AKINCIOĞLU
Dyeing Manager
Born in 1971. He graduated from Trakya University, Chemistry Department. He has been working in the company since 16.09.1996 and was appointed to his current position on 29.12.2006.

Murat YILDIRIM
Quality Control Manager
Born in 1968. He graduated from Uludağ University, Textile Engineering Department. He has been working in the company since 19.07.1993 and was appointed to his current position on 01.05.2006.

Auditors' Report Summary

To the General Assembly of Yünsa Yünlü Sanayi ve Ticaret A.Ş.

Trade Name	: Yünsa Yünlü Sanayi ve Ticaret A.Ş.
Head Office	: İstanbul
Issued Capital	: TL 29,160,000.-
Business Line	: Production of worsted line and fabric
Auditors' names, duty periods, and relations with the company	: Cezmi KURTULUŞ, Levent DEMİRAĞ, Soner AKKAYA We are not shareholders of the company We are not the personnel of the company Our term of office is 3 years.
Number of board meetings attended and auditors' meeting held	: 6 board meetings were attended by the auditors and 6 Auditors' Meetings were held.
Scope of examination conducted on the Company's records, documents, shareholder accounts and dates of examinations and related findings	: As a result of the controls realised at the end of 3rd, 6th, 9th and 12th months, nothing that is not in accordance with the Turkish Tax Legislation and Commercial Code, was found.
Number and findings of cash inventory conducted in accordance with subparagraph 3 of paragraph 1 of Article 353 of the Turkish Commercial Code	: It is found that the results of 4 cash inventories are in line with the records.
Dates and findings of audits in accordance with subparagraph 4 of paragraph 1 of Article 353 of Turkish Commercial Code	: Examinations conducted every last working day of each month revealed that existing documents are in line with the records.
Irregularities and complaints noted and measures taken	: There are no complaints or irregularities.

We have examined the records and transactions of YÜNSA YÜNLÜ SANAYİ ve TİCARET A.Ş. for the period 01.01.2009 – 31.12.2009 in accordance with generally accepted accounting principles, the Turkish Commercial Code, the Articles of Association of the Company and other related regulations.

In our opinion, the accompanying balance sheet as of December 31, 2009 fairly represents the financial position of the company at this date and the income statement for the period 01.01.2009 – 31.12.2009 reflects the accurate results of operations.

We, hereby, submit the balance sheet and the ratification of the actions of Board of Directors to the approval of the General Assembly.

AUDITORS' COMMITTEE

Cezmi KURTULUŞ **Levent DEMİRAĞ** **Soner AKKAYA**


YUNSA

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi

Consolidated Financial Statements as of 31 December 2009
(Translated into English from the Original Turkish Report)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret A.Ş.

We have audited the accompanying consolidated financial statements of Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiary (together "the Group") which comprise the consolidated balance sheet as at 31 December 2009, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published 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.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly the financial position of Yünsa Yünlü Sanayi ve Ticaret A.Ş. and its subsidiary as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

İstanbul, 24 March 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

Hüseyin Gürer,
Partner

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi
Consolidated Balance Sheet As Of December 31, 2009

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

	Notes	Current Period (Audited) 31 December 2009	Prior Period (Audited) 31 December 2008
ASSETS			
Current Assets		**83.614.827**	**103.020.145**
Cash and Cash Equivalents	6	2.005.689	1.140.742
Trade Receivables	10	44.651.018	56.045.899
- *Trade Receivables from Related Parties*	37	224.421	8.563.293
- *Other Trade Receivables*	10	44.426.597	47.482.606
Other Receivables	11	240.608	230.367
- *Other Receivables from Related Parties*	37	166.079	192.591
- *Other Receivables*	11	74.529	37.776
Inventories	13	34.576.404	42.531.790
Other Current Assets	26	2.141.108	3.071.347
Non-Current Assets		**45.021.941**	**48.895.972**
Financial Investments	7	782.660	782.660
Property, Plant and Equipment	18	42.199.145	46.163.250
Intangible Assets	19	78.021	148.757
Deferred Tax Assets	35	1.946.535	1.801.305
Other Non-Current Assets	26	15.580	-
TOTAL ASSETS		**128.636.768**	**151.916.117**
LIABILITIES			
Short Term Liabilities		**79.249.361**	**97.688.042**
Financial Borrowings	8	64.004.256	78.145.405
Trade Payables	10	10.894.681	14.421.824
Other Payables	11	774.937	536.636
Current Tax Liability	35	160.062	269.662
Provisions	22	-	419.662
Provisions for Employee Benefits	24	1.212.438	1.085.918
Other Short Term Liabilities	26	2.202.987	2.808.935
Long Term Liabilities		**4.425.717**	**4.203.146**
Provisions for Employee Benefits	24	4.425.717	4.203.146
SHAREHOLDERS' EQUITY		**44.961.690**	**50.024.929**
Equity Attributable to Equity Holders of the Parent		**44.961.690**	**50.024.929**
Paid-in Capital	27	29.160.000	29.160.000
Inflation Adjustments to Share Capital		30.657.866	30.657.866
Premium in Excess of Par		92.957	92.957
Restricted Reserves Assorted from Profit	27	2.928.435	2.674.504
Retained Earnings	27	(12.814.329)	9.865.760
Net Profit/Loss for the Period		(5.063.239)	(22.426.158)
Minority Interests	**27**	**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**128.636.768**	**151.916.117**

The consolidated financial statements prepared as of and for the period ended 31 December 2009 have been approved by the Board of Directors on March 24, 2010.

The accompanying notes from an integral part of these consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi

Consolidated Statement Of Income For The Year Ended December 31, 2009

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

	Notes	Current Period (Audited) 31 December 2009	Prior Period (Audited) 31 December 2008
CONTINUED OPERATIONS			
Sales Revenue (net)	28	136.441.066	170.932.664
Cost of Sales (-)	28	(103.671.402)	(127.002.971)
GROSS PROFIT / LOSS		**32.769.664**	**43.929.693**
Marketing, Sales and Distribution Expenses (-)	29	(19.648.955)	(25.122.656)
General Administration Expenses (-)	29	(7.034.626)	(11.162.972)
Research and Development Expenses (-)	29	(3.068.396)	(2.972.338)
Other Operating Income	31	2.473.789	3.103.541
Other Operating Expenses (-)	31	(3.922.503)	(22.663.082)
OPERATING PROFIT / LOSS		**1.568.973**	**(14.887.814)**
Finance Income	32	11.436.165	19.072.739
Finance Expense (-)	33	(19.465.734)	(32.786.086)
PROFIT/LOSS BEFORE TAXATION FROM CONTINUED OPERATIONS		**(6.460.596)**	**(28.601.161)**
Tax Income/Expenses From Continued Operations	**35**	**(405.843)**	**(1.264.331)**
- Current Tax Income/Expenses		(551.073)	(1.338.199)
- Deferred Tax Income/Expenses		145.230	73.868
PROFIT/LOSS FROM CONTINUED OPERATIONS		**(6.866.439)**	**(29.865.492)**
PROFIT/LOSS FOR THE PERIOD		**(6.866.439)**	**(29.865.492)**
Distribution of Profit/Loss for the Period			
Minority Interest	27	(1.803.200)	(7.439.334)
Equity holders of the parent		(5.063.239)	(22.426.158)
Earnings / (Loss) Per Share	**36**	**(0,174)**	**(0,769)**

Consolidated Statement Of Comprehensive Income For The Year Ended December 31, 2009

	Notes	Current Period (Audited) 31 December 2009	Prior Period (Audited) 31 December 2008
LOSS FOR THE PERIOD		**(6.866.439)**	**(29.865.492)**
Other Comprehensive Income		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAXATION)		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(6.866.439)**	**(29.865.492)**
Distribution of Other Comprehensive Income:			
Minority Interests	27	(1.803.200)	(7.439.334)
Equity Holders of the Parent		(5.063.239)	(22.426.158)

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statement Of Changes in Shareholders Equity For The Year Ended December 31, 2009

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

	Notes	Capital	Inflation Adjustments to Share Capital	Premium In Excess of Par	Restricted Reserves Assorted from Profit	Retained Earnings	Period Profit / Loss	Equity attributable to equity holders of the parent	Minority Interests	Total Shareholders' Equity
January 1, 2008	**27**	**29.160.000**	**30.657.866**	**92.957**	**2.335.436**	**7.635.967**	**2.568.861**	**72.451.087**	**5.038.893**	**77.489.980**
Transfers to restricted reserves		-	-	-	339.068	-	(339.068)	-	-	-
Transfers to retained earnings		-	-	-	-	2.229.793	(2.229.793)	-	-	-
Capital increase in subsidiary		-	-	-	-	-	-	-	2.400.441	2.400.441
Total comprehensive income		-	-	-	-	-	(22.426.158)	(22.426.158)	(7.439.334)	(29.865.492)
December 31, 2008	**27**	**29.160.000**	**30.657.866**	**92.957**	**2.674.504**	**9.865.760**	**(22.426.158)**	**50.024.929**	**-**	**50.024.929**
January 1, 2009	**27**	**29.160.000**	**30.657.866**	**92.957**	**2.674.504**	**9.865.760**	**(22.426.158)**	**50.024.929**	**-**	**50.024.929**
Transfers to restricted reserves		-	-	-	253.931	-	(253.931)	-	-	-
Transfers to retained earnings		-	-	-	-	(22.680.089)	22.680.089	-	-	-
Capital increase in subsidiary		-	-	-	-	-	-	-	1.803.200	1.803.200
Total comprehensive income		-	-	-	-	-	(5.063.239)	(5.063.239)	(1.803.200)	(6.866.439)
December 31, 2009	**27**	**29.160.000**	**30.657.866**	**92.957**	**2.928.435**	**(12.814.329)**	**(5.063.239)**	**44.961.690**	**-**	**44.961.690**

The accompanying notes from an integral part of these consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi

Consolidated Statement Of Cash Flow For The Year Ended December 31, 2009

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Cash flows from operating activities			
Net profit/loss for the period	27	(5.063.239)	(22.426.158)
Adjustments to reconcile net income / (loss) to net cash from operating activities:			
Minority's share of period loss	27	(1.803.200)	(7.439.334)
Amortization and depreciation	18-19	6.181.639	7.321.439
Taxes	35	405.843	1.264.331
Provision for employment termination benefits	24	1.332.441	3.085.586
Provision for short term employee benefits	24	126.520	335.108
Interest income	32	(1.546.344)	(439.676)
Interest expenses	33	8.828.407	11.074.695
Gain on sale of fixed assets	31	(553.401)	(930.163)
Provision for impairment of financial investments	7	-	16.257
Provision for impairment of property, plant and equipment	18-19	-	14.890.137
Changes in provision for impairment of inventory	13	(834.731)	2.958.265
Provision for doubtful receivables	31	(816.786)	4.292.402
Net cash before changes in operating assets and liabilities		**6.257.149**	**14.002.889**
(Increase)/ decrease in trade receivables		12.211.667	(7.046.046)
(Increase)/ decrease in inventories		8.790.117	8.870.911
(Increase)/ decrease in other current assets		937.657	(1.952.216)
(Increase)/ decrease in other long-term assets	26	(15.580)	363.505
Increase/ (decrease) in trade payables	10	(3.527.143)	(4.042.428)
Increase/ (decrease) in other short term liabilities		(787.309)	250.856
Cash provided by activities		**23.866.558**	**10.447.471**
Taxes and dues paid		(678.332)	(1.068.537)
Employment termination benefits paid	24	(1.109.870)	(3.277.582)
Net cash provided by operating activities		**22.078.356**	**6.101.352**
Investing activities			
Purchase of property, plant and equipments	18	(2.628.064)	(5.895.540)
Purchase of intangible assets	19	(48.389)	(121.779)
Proceeds from sale of property, plant and equipment		1.083.056	1.953.869
Cash outflow from the acquisition of a subsidiary	7	-	(7.882)
Minority's share in capital increase of a subsidiary		1.803.200	2.400.441
Interest received	32	1.546.344	439.676
Net cash provided by / (used in) investing activities		**1.756.147**	**(1.231.215)**
Financing activities			
Changes in bank loans		(13.268.859)	6.163.101
Interests paid		(9.700.697)	(10.425.747)
Net cash used in financing activities		**(22.969.556)**	**(4.262.646)**
Net increase in cash and cash equivalents		864.947	607.491
Cash and cash equivalents at the beginning of the period	**6**	**1.140.742**	**533.251**
Cash and cash equivalents at the end of the period	**6**	**2.005.689**	**1.140.742**

The accompanying notes from an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY

Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("The Company") was established on 21 June 1973.

The main operation of the Company is production and marketing of woolly textile products. The main shareholder of the Company is Hacı Ömer Sabancı Holding A.Ş. The shares of the Company and its main shareholder are publicly traded on the İstanbul Stock Exchange Market (ISE).

The average number of employees of the Company is 1.104 (31 December 2008: 1.197).

The Company's registered office address is:

Sabancı Center
Kule 2, 34330 4.Levent
İSTANBUL

Subsidiaries

On 25 January 2007, by contributing a nominal capital amounting to TL 14.615.900 corresponding to the 69,99% of total shares of SKT Giyim Sanayi ve Ticaret A.Ş., Yünsa has become the founding shareholder of the related company. The nature of business of the subsidiary, which is consolidated to the Company's financial statements as of 31 December 2009, is presented as below:

Subsidiary	Nature of Business	Industrial segment
SKT Giyim Sanayi ve Ticaret A.Ş. ("SKT Giyim")	Textile	Ready-to-wear clothing

Approval of financial statements:

The consolidated financial statements are authorized for issue by the Board of Directors as of March 24, 2010.

NOTE 2 - BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

The Basis for Preparation of the Financial Statements and Significant Accounting Policies

The Company and its subsidiaries, which are registered in Turkey, maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles set out in the Turkish Commercial Code ("TCC") and tax regulation (collectively, "Turkish Practices"). Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with applicable regulations in those countries.

The Capital Markets Board (CMB) Decree No XI-29 "Capital Markets Financial Reporting Standards" prescribes principles and standards regarding the preparation and presentation of financial statements. This Decree is applicable for periods beginning after 1 January 2008, and with its issuance, Decree No XI-25 "Capital Markets Accounting Standards" was annulled. Based on the Decree, companies are required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as accepted by the European Union. However, IASs/ IFRSs will be applicable during the period in which the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"). In this respect, Turkish Accounting/ Financial Reporting Standards issued by TASB which do not contradict with the adopted standards will be used as a basis.

Unless the differences between the International Financial Reporting Standards ("IASs/IFRSs") as endorsed by the European Union are announced by the Turkish Accounting Financial Reporting Standards, financial statements will be prepared in accordance with IASs/IFRSs under the scope of Communiqué Serial: XI, No: 29. The accompanying financial statements and notes are presented in accordance with the required formats announced by the CMB as at 17 April 2008 and 9 February 2009. In this respect, certain reclassifications have been made to the prior financial statements.

The financial statements have been prepared on the historical cost basis.

Functional Currency

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of consolidation, the results and financial position of each entity are expressed in Turkish Lira, which is the functional currency for the Company and the presentation currency of the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

The CMB's decision no: 11/367, which was issued on 17 March 2005, has put an end to the application of inflation accounting beginning from 1 January 2005 for companies operating in Turkey and preparing their financial statements in accordance with the CMB's Accounting Standards. Within this context, IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB has not been applied as of 1 January 2005.

2.2 Basis of Consolidation

a) The consolidated financial statements include the financial statements of the parent company, Yünsa Yünlü Sanayi ve Ticaret A.Ş., and its subsidiary ("the Group"), which are prepared based on the principles set out in the paragraphs (b) and (c) below. The financial statements of the subsidiaries have been prepared as of the date of the consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board.

The results of operations of subsidiaries are included in or excluded from the consolidated financial statements as of the date of acquisitions or disposals.

b) A subsidiary is an entity when it has power to control the financial and operating policies for the benefit of the Company, either through (a) the power to exercise directly and indirectly more than 50% of the voting rights of an entity; or (b) having significant power over the financial and operating policies of an entity even though it owns less than 50% of the voting rights,

The below table sets out direct or indirect ownership and effective share participation of the subsidiary by the Group:

Subsidiaries	Direct/ indirect ownership by the Group (%)	Effective share participation (%)
SKT Giyim	76, 93	76, 93

Balance sheet and statement of income of the Subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Group is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company are eliminated on consolidation. Cost of and dividends arising from shares held by the Company in its subsidiary are eliminated from shareholders' equity and income for the period, respectively.

c) The Group has shareholding percentage of 100% in Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh), Yünsa Italia SRL, Yünsa UK Limited, and Yünsa Americas Inc.. Income of these companies which are operating as foreign branches of the Group consists of expenses to the Company. The details of the relations with these companies are summarized in Note 37 "Related Party Disclosures". These companies are not consolidated due to the insignificance of their combined impact on the net worth, financial position and results of the Group. They are carried at cost as at 31 December 2009 and 31 December 2008 in the consolidated financial statements since their fair values cannot be measured reliably.

d) Investments in which the Group has less than 20% ownership and having an unquoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any impairment loss.

e) Subsidiaries are consolidated as of the date on which control is transferred to the Company and are no longer consolidated as of the date on which control is lost.

Minority interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make further investments to cover the losses.

2.3 Comparative Information and Restatements of Prior Period Financial Statements

If the presentation or classification of the financial statements is changed, financial statements of the prior periods are also reclassified in order to maintain consistency with the current year's presentation in line with the related changes.

2.4 Offsetting

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

2.5 Changes in Accounting Policies

Changes made in the accounting policies are applied retrospectively and the prior period's financial statements are restated accordingly.

2.6 Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, changes are applied prospectively in the current period, but if the changes in accounting estimates are related to following periods, changes are applied both in the current and following periods prospectively. The Group has no significant changes to the accounting estimates in the current period.

Significant accounting errors are corrected retrospectively and prior year financial statements are restated.

2.7 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009.

Standards that have an impact over the presentation and disclosure of financial statements prepared in 2009

IAS 1(Revised) "Presentation of Financial Statements"

The revised standard prohibits the presentation of items of income and expenses (referred to as 'non-owner changes in equity') in the statement of changes in equity. Non-owner changes in equity are to be presented separately from owner changes in equity and are required to be disclosed in a Statement of Comprehensive Income. Entities have the option of either presenting one statement (statement of comprehensive income) or two statements (statement of comprehensive income and statement of income). Accordingly, the Group has applied IAS1 (Revised) from 1 January 2009 and have chosen to present both a statement of income / (loss) and a statement of comprehensive income / (loss).

The adoption of IAS 1 (Revised) does not have any impact on the reported results or financial position of the Group.

IFRS 8 "Operating Segments"

IFRS 8 "Operating Segments" replaces IAS 14 'Segment Reporting', and requires segment information to be presented under a 'management approach', where segment information is to be shown on the same basis as that used for internal reporting purposes. The Group has identified operating segments in a manner consistent with the internal reporting provided to the chief operating decision makers. As explained in Note 5, no additional disclosure is required for the related issue.

IFRS 7 (Amendments) "Financial Instruments: Disclosures"

Amendments to IFRS 7 which was issued in March 2009 is applicable for the Group beginning on 1 January 2009. The Group has implemented the amendments to IFRS 7 in 2009.

IAS 23 (Revised) "Borrowing Costs"

The amendment requires borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets to be capitalized as part of the cost of that asset. The option of expensing borrowing costs in the period that they are incurred was eliminated by the adaptation of this amendment.

Standards and Interpretations adopted with no effect on the financial statements of the Group

The following new and revised Standards and Interpretations have also been adapted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2 "Share-based Payment – Vesting Conditions and Cancellations"	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation"	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
Amendments to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement (see above).
IFRIC 13 "Customer Loyalty Programmes"	This interpretation requires customer loyalty programmes to be accounted for as part of a different component of sale transactions. Some portion of the fair value of the consideration in the sale transaction should be allocated to customer benefits and such benefits should be recognized as revenue when they are used by the customer.
IFRIC 15 "Agreements for the Construction of Real Estate"	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised. The requirements have not affected the accounting for the Group's construction activities.
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

IFRIC 18 "Transfers of Assets from Customers" (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 Revenue.

Not effective but can be early adopted standards and amendments and interpretations to the existing standards

IFRS 3 (as revised in 2008) "Business Combinations"

IFRS 3(2008) is applicable for business combinations for which the acquisition date is on or after 1 July 2009. The impact of the adoption of IFRS 3(2008) Business Combinations has been:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree,

b) to change the recognition and subsequent accounting requirements for contingent consideration,

c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred.

The Group will apply IFRS 3 (2008) prospectively to all business combinations as of 1 January 2010.

IFRS 9 "Financial Instruments: Recognition and Measurement"

In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 requires an approach based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets and then to measure a financial asset at amortised cost or fair value. IFRS 9 must be applied for accounting periods beginning on or after 1 January 2013.

IAS 24 (as revised in 2009) "Related Party Disclosures"

IAS 24 "Related Party Disclosures" was revised in November 2009. The revision to the Standard allows a partial exemption to government institutions in regards to disclosures to be made to the notes to financial statements. IAS 24 (2009) must be applied for annual periods beginning on or after 1 January 2011.

IAS 27 (as revised in 2008) "Consolidated and Separate Financial Statements"

IAS 27 (2008) is applicable for annual periods beginning on or after 1 July 2009. Revisions to the Standard especially have an impact on the accounting of events or transactions leading to a change in the interests of the Group subsidiaries.

The Standard requires any increases or decreases of ownership that do not create any changes in the control power of an entity to be accounted in equity.

The Group will apply IAS 27 (2008) prospectively to all transactions related to non-controlling interests as of 1 January 2010.

IFRIC 17 "Distributions of Non-cash Assets to Owners"

The Interpretation is applicable for annual periods beginning on or after 1 July 2010. IFRIC 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The Interpretation is applicable for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability.

Improvements to IFRSs (2009)

As part of annual developments to IFRSs, there have been many changes to standards and interpretations in addition to the afore-mentioned amendments. These amendments are applicable for annual periods beginning on or after 1 January 2010.

The Group management has not had an opportunity to consider the potential impact of the adoption of above amendments over the financial statements.

2.8 Summary of Significant Accounting Policies

Significant accounting policies used to prepare consolidated financial statements are summarized as below:

a) Revenue

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

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

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

Retail sales are usually performed through cash or credit card. Recorded income is the gross amount which also comprises credit card commissions.

Interest income: using the effective interest method
Dividend income: when has the right to receive the payment.

b) Related parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, their families, their subsidiaries, affiliates and companies controlled by them are considered and referred to as related parties.

c) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories comprise all costs of materials purchased, labor and an appropriate amount for factory overheads. The cost of inventories is determined on a weighted average basis. Net realizable value is the estimate of the selling price in the ordinary course of business, less costs of completion and selling expenses.

d) Financial Instruments

Financial Assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Investments other than held-to-maturity debt securities and held for trading securities are classified as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are reviewed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. Net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

e) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any. Depreciation is provided on property, plant and equipment using the straight-line method based on the estimated useful lives of the assets. Land is not depreciated since it has indefinite useful life.

The depreciation periods for property, plant and equipment , which approximate the economic useful lives of assets concerned, are as follows:

	Years
Buildings and land improvements	10-25
Buildings	25-50
Machinery and equipment	4-12
Motor vehicles	5
Furniture and fixtures	3-10
Leasehold improvements	5

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.
When it is probable that the carrying amount of an asset may not be recoverable, the asset is tested for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. For assessing impairment, assets are grouped at the lowest level of separate identifiable cash flows (cash generating units). Non-financial assets other than goodwill that are subject to impairment are reviewed at each reporting date for impairment.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

f) Intangible assets

Intangible assets comprise of rights acquired, information systems and computer software. They are recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where there is an indication of impairment, the carrying amount of an intangible asset is assessed and written down immediately to its recoverable amount.

g) Borrowing Costs

International Accounting Standard No: 23 "Borrowing Costs" was revised on March 29, 2007 by the IASB. The revised IAS 23 is effective from 1 January 2009, with the early adoption option. The Company opted for the early adoption and changed its accounting policy, choosing the policy requirements in IAS 23 related to borrowing costs as at 1 January 2007. If financing costs are related to the acquisition, construction or production of a qualifying assets they are capitalized as part of the cost of that asset. Qualifying assets are those that require substantial time for the preparation of assets for their intended use or sale. The Group has no capitalized finance costs as of 2009 and 2008.

All other borrowing costs are recognized in the statement of income in the period in which they are incurred.

h) Taxation and deferred tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

i) Employment benefits

Under the Turkish law and union agreements, lump sum payments are made to employees in retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19").
The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. All actuarial gains and losses are reflected in the statement of income.

j) Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its subsidiary, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for the following:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks,

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

k) Earnings per share

Earnings per share presented in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

l) Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized by deducting any accumulated profit in equity in the period in which they are approved and declared.

m) Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n) Statement of cash flows

In statement of cash flow, consolidated cash flows for the period are classified and reported based on the operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the main operations of the Group (textile and ready-to-wear clothing sales).

Cash flows from investment activities represent cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities comprise resources of financial activities and repayment schedule of such resources of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

o) Subsequent events

Subsequent events comprise any events occurred between the balance sheet date and the date of authorization even if they emerge subsequent to any profit disclosure.

The Group restates its financial statements, if any subsequent events arise.

p) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. An operating segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

r) Critical accounting judgments and key sources of estimation uncertainty

Net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value. Management has determined that the cost of inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimate made by the management the cost of inventories was reduced by TL 2.123.534 (31 December 2008: TL 2.958.265) and the expense was recorded to cost of sales (Note 13).

Impairment of property, plant and equipment and intangible assets

As of 31 December 2008, the Group's property, plant and equipment and intangible assets are tested for impairment. The recoverable amount is determined by value in use calculations. Principal estimates such as discount rate, growth rate, sale prices and direct costs during the period are taken into account in assessing the value in use. Discount rate reflects the effective market valuations concerning time value of money and risks specific to the asset. The Group uses weighted average cost of capital as the discount rate. Growth rate is determined in respect of the related sector growth estimates. Changes in sale prices and direct costs are based on past experience and future expectations. As the result of the evaluation performed as of 31 December 2009, the Group has not provided any additional impairment loss.

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. The Group's subsidiary has deferred tax assets resulting from unused deductible tax losses from future profits and deductible temporary differences. Full or a portion of the recoverable amount of deferred tax assets are estimated under the current circumstances. Future profit projections, current losses, maturities of unused losses and other tax assets and any possible tax planning strategies are taken into account in the assessment. As a result of the assessment, the Group has not recognized any of its deferred tax assets in its subsidiary since it may not probable to recover the deferred tax assets in its subsidiary.

NOTE 3 – BUSINESS COMBINATIONS

None (2008: None).

NOTE 4 – AFFILIATES

None (2008: None).

NOTE 5 – SEGMENT REPORTING

The Group applies IFRS 8 as of 1 January 2009 and operating segments are determined based on the internal reports that are periodically reviewed by the Group's chief operating decision makers. The Group's chief operating decision makers are the general manager and board of directors.

The Group's chief operating decision makers evaluate results and activities in terms of product diversification to make decisions about resources to be allocated to the segment and assess its performance. The Group's operating segments in terms of product diversification are classified as textile and ready-to-wear clothing.

As of 31 December 2009, TL 20.959.542 of the Group's revenue is obtained from a non-related Group customer (31 December 2008: TL 22.706.350) and such sales are presented under the textile segment.

The total of Group's internal external sales amounts to TL 55.054.503 and TL 81.386.563, respectively (31 December 2008: TL 75. 356.176 – internal sales, TL 95.576.488 – external sales).

The breakdown of the Group's external sales are detailed as below:

	1 January- 31 December 2009	**1 January- 31 December 2008**
Germany	18.268.348	12.145.856
Free Zone	13.406.189	18.016.285
China	4.437.301	2.146.985
United Kingdom	3.394.346	4.068.435
France	3.642.608	3.593.561
Romania	3.404.314	1.532.166
Bulgaria	2.675.143	4.113.356
Morocco	2.659.998	4.153.689
Egypt	5.176.069	3.783.347
Spain	1.686.355	4.340.540
Russia	504.145	2.086.741
Other	22.131.747	35.595.527
Total	**81.386.563**	**95.576.488**

a) External revenue:	31 December 2009	31 December 2008
Textile	128.293.972	146.560.962
Ready-to-wear clothing	8.147.094	24.371.702
	136.441.066	**170.932.664**

b) Segment assets:	31 December 2009	31 December 2008
Textile	161.489.417	156.991.513
Ready-to-wear clothing	3.405.574	18.908.660
Total Segment Assets	**164.894.991**	**175.900.173**
Unallocated assets (-)	(34.912.660)	(20.215.860)
Less: Intersegment eliminations (-)	(1.345.563)	(3.768.196)
Total assets per consolidated financial statements	**128.636.768**	**151.916.117**

c) Segment liabilities:	31 December 2009	31 December 2008
Textile	82.825.060	76.012.120
Ready-to-wear clothing	1.720.793	29.193.402
Total segment liabilities	**84.545.853**	**105.205.522**
Unallocated liabilities	-	-
Less: Intersegment eliminations (-)	(870.775)	(3.314.334)
Total liabilities per consolidated financial statements	**83.675.078**	**101.891.188**

d-1) Segment analysis from 1 January – 31 December 2009:

	Textile	Ready-to-wear clothing	Intersegment eliminations	Total
Sales revenue	129.359.815	11.706.976	(4.625.725)	136.441.066
Cost of sales	(99.449.425)	(9.415.028)	5.193.051	(103.671.402)
Gross profit	**29.910.390**	**2.291.948**	**567.326**	**32.769.664**
Marketing, sales, distribution expenses	(15.154.535)	(4.494.420)	-	(19.648.955)
General administration expenses	(5.913.564)	(1.121.062)	-	(7.034.626)
Research and development expenses	(3.068.396)	-	-	(3.068.396)
Other operating income/profit	2.145.398	328.391	-	2.473.789
Other operating expenses/losses	(1.868.369)	(2.054.134)	-	(3.922.503)
Segment results	**6.050.924**	**(5.049.277)**	**567.326**	**1.568.973**

d-2) Segment analysis from 1 January – 31 December 2008:

	Textile	Ready-to-wear clothing	Intersegment eliminations	Total
Sales revenue	149.146.361	24.371.702	(2.585.399)	170.932.664
Cost of sales	(109.381.488)	(20.390.821)	2.769.338	(127.002.971)
Gross profit	**39.764.873**	**3.980.881**	**183.939**	**43.929.693**
Marketing, sales, distribution expenses	(14.224.528)	(10.898.128)	-	(25.122.656)
General administration expenses	(6.569.057)	(4.593.915)	-	(11.162.972)
Research and development expenses	(2.972.338)	-	-	(2.972.338)
Other operating income/profit	1.371.941	1.731.600	-	3.103.541
Other operating expenses/losses	(899.828)	(21.763.254)	-	(22.663.082)
Segment results	**16.471.063**	**(31.542.816)**	**183.939**	**(14.887.814)**

e) Capital expenditures:

	31 December 2009	31 December 2008
Textile	2.235.540	3.363.846
Ready-to-wear clothing	440.913	2.653.473
	2.676.453	**6.017.319**

f-1) Non-cash expenses (1 January – 31 December 2009):

	Textile	Ready-to-wear clothing	Total
Depreciation and amortization	5.881.034	300.605	6.181.639
Provision for employee benefits	1.496.290	246.892	1.743.182
	7.377.324	**547.497**	**7.924.821**

f-2) Non-cash expenses (1 January – 31 December 2008):

	Textile	Ready-to-wear clothing	Total
Depreciation and amortization	5.980.947	1.340.492	7.321.439
Provision for impairment of fixed assets	-	14.890.137	14.890.137
Provision for impairment of inventories	-	2.958.265	2.958.265
Allowance for doubtful receivables	-	4.292.402	4.292.402
Provision for employee benefits	2.177.235	1.243.459	3.420.694
	8.158.182	**24.724.755**	**32.882.937**

NOTE 6 – CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Banks		
- Demand deposits	1.999.814	1.121.114
Other	5.875	19.628
	2.005.689	**1.140.742**

The nature and level of risks derived from cash and cash equivalents are disclosed in Note 38.

NOTE 7 – FINANCIAL INVESTMENTS

	2009		2008	
	(%)	TL	(%)	TL
Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh) **(*)**	100	661.350	100	661.350
Yünsa Italia SRL **(*)**	100	110.977	100	110.977
Uptown Polska **(*)**	-	-	70	16.257
Yünsa UK Limited **(*)**	100	2.451	100	2.451
Yünsa Americas Inc. **(*)**	100	7.882	100	7.882
Impairment loss		-		(16.257)
		782.660		**782.660**

(*) These companies are not consolidated due to the insignificance of their combined impact on the net worth, financial position and results of the Group and carried at cost.

The nature and level of risks derived from financial investments equivalents are disclosed in Note 38.

NOTE 8 – FINANCIAL LIABILITIES

	31 December 2009		31 December 2008	
	Weighted average of annual effective interest rate %	**TL**	**Weighted average of annual effective interest rate %**	**TL**
Short-term bank loans:				
TL	8,43	38.476.170	23,93	49.303.934
Euro	5,91	13.877.184	6,49	17.886.384
US Dollars	4,63	7.385.459	6,37	6.404.591
GBP	4,61	3.536.015	8,33	2.948.778
		63.274.828		76.543.687
Interest accrual		729.428		1.601.718
		64.004.256		**78.145.405**

The nature and level of risks derived from financial liabilities are disclosed in Note 38.

NOTE 9 – OTHER FINANCIAL LIABILITIES

None (2008: None).

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

NOTE 10 – TRADE RECEIVABLES AND PAYABLES

Short term trade receivables:

	31 December 2009	31 December 2008
Trade receivables		41.413.789
47.281.125		
Receivables from related parties (Note: 37)	828.970	8.809.023
Notes receivables	5.503.582	3.102.858
	47.746.341	**59.193.006**
Less: Non accrued finance income (-)	(220.080)	(821.970)
Less: Allowance for doubtful receivables from related parties (-)	(602.904)	(176.429)
Less: Allowance for doubtful trade receivables (-)	(2.272.339)	(2.148.708)
Trade receivables, net	**44.651.018**	**56.045.899**

Average maturity of trade receivables is generally less than 4 months (2008: Less than 4 months) and as of 31 December 2009, TL and foreign currency trade receivables are discounted by using annual 7,54 % and LIBOR rates, respectively.

As of 31 December 2009, TL 2.875.243 (31 December 2008: TL 2.325.137) of trade receivables is accounted for as doubtful receivables and the Group has provided an allowance for doubtful receivable for the related amount. Allowance for doubtful receivables is determined by referring to past default experience. In order to minimize risks associated with doubtful receivables, the Group limits the counterparty credit risk and, where needed, receives guarantees in return for the goods sold. Collection risks mainly arise from trade receivables. Trade receivables have been evaluated based on the Group policies and procedures and presented in the balance sheet at net value after deducting allowance for doubtful receivables.

The movement table of allowance for doubtful receivables is as follows:

	31 December 2009	31 December 2008
As of 1 January	2.325.137	488.276
Additions	816.786	1.850.661
Collections	(266.680)	(13.800)
	2.875.243	**2.325.137**

The nature and level of risks derived from trade receivables are disclosed in Note 38.

Short term trade payables:

	31 December 2009	31 December 2008
Due to abroad suppliers	6.489.597	5.924.948
Due to domestic suppliers	1.867.502	5.969.689
Business and service payables	1.780.546	1.866.765
Due to related parties (Note: 37)	840.057	749.046
	10.977.702	**14.510.448**
Less: Non accrued finance expenses	(83.021)	(88.624)
	10.894.681	**14.421.824**

As of 31 December 2009, average maturity of trade payables is within 1-3 months, and TL and foreign currency trade payables are discounted by using annual 7,43 % and LIBOR rates, respectively.

The nature and level of risks derived from trade payables are disclosed in Note 38.

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other Receivables	31 December 2009	31 December 2008
Receivables from sales of machinery, equipment	-	1.674.468
Receivables from related parties (Note: 37)	166.079	595.410
Receivables from personnel	66.982	15.586
Other	7.547	22.190
	240.608	**2.307.654**
Less: Allowance for other doubtful receivables from related parties (-)	-	(402.819)
Less: Allowance for other doubtful receivables (-)	-	(1.674.468)
	240.608	**230.367**

Other Payables

	31 December 2009	31 December 2008
Order advances received	774.937	536.636
	774.937	**536.636**

NOTE 12 – RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (2008: None).

NOTE 13 - INVENTORIES

	31 December 2009	31 December 2008
Raw materials	4.412.755	4.571.415
Work in process	14.291.181	12.512.021
Finished goods	9.041.571	17.561.541
Trade goods	2.729.501	5.578.874
Goods in transit	5.877.614	5.055.923
Other inventory	347.316	210.281
Allowance for impairment on inventory (-)	(2.123.534)	(2.958.265)
	34.576.404	**42.531.790**

Market conditions and decrease in customer demands cause an increase and obsolescence in inventories and this leads the market value of inventories exceeding the carrying amount. As of 31 December 2009, the Group has recognized impairment loss of TL 2.123.534 for finished goods. The movement of allowance of impairment is detailed as follows:

	2009	2008
1 January	(2.958.265)	-
Allowance used / (provided) for the period	834.731	(2.958.265)
31 December	**(2.123.534)**	**(2.958.265)**

NOTE 14 – BIOLOGICAL ASSETS

None (2008: None).

NOTE 15 – RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None (2008: None).

NOTE 16 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None (2008: None).

NOTE 17 – INVESTMENT PROPERTIES

None (2008: None).

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment during the period is as follows:

	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost:					
Land	482.197	-	-	-	482.197
Land improvements	6.461.680	4.954	-	-	6.466.634
Buildings	38.999.265	197.213	(1.122.485)	-	38.073.993
Machinery and equipment	151.197.692	1.054.919	(50.193)	395.447	152.597.865
Motor vehicles	310.953	-	(73.486)	-	237.467
Furniture and fixtures	4.011.144	27.315	-	-	4.038.459
Leasehold improvements	2.504.697	420.383	-	247.066	3.172.146
Construction in progress	1.196.789	923.280	-	(642.513)	1.477.556
	205.164.417	**2.628.064**	**(1.246.164)**	**-**	**206.546.317**
Accumulated Depreciation:					
Land improvements	(5.323.511)	(113.985)	-	-	(5.437.496)
Buildings	(20.650.615)	(1.138.536)	631.808	-	(21.157.343)
Machinery and equipment	(127.670.441)	(4.255.813)	17.269	-	(131.908.985)
Motor vehicles	(271.987)	(32.610)	67.432	-	(237.165)
Furniture and fixtures	(3.390.952)	(220.829)	-	-	(3.611.781)
Leasehold improvements	(1.693.661)	(300.741)	-	-	(1.994.402)
	(159.001.167)	**(6.062.514)**	**716.509**	**-**	**(164.347.172)**
Net book value	**46.163.250**				**42.199.145**

TL 5.794.120 of the current period depreciation expense is added to the cost of sales, and TL 268.394 of the related amount is included to operating expenses.

The movement of property, plant and equipment during the period is as follows:

	1 January 2008	Additions	Disposals	Transfers	Impairment	31 December 2008
Cost:						
Land	482.197	-	-	-	-	482.197
Land improvements	6.023.284	339.787	-	98.609	-	6.461.680
Buildings	49.590.854	73.891	-	757.435	(11.422.915)	38.999.265
Machinery and equipment	149.453.988	2.446.909	(1.417.484)	714.279	-	151.197.692
Motor vehicles	493.037	-	(182.084)	-	-	310.953
Furniture and fixtures	4.270.426	594.297	(228.637)	-	(624.942)	4.011.144
Leasehold improvements	3.206.976	1.965.778	(72.528)	-	(2.595.529)	2.504.697
Construction in progress	2.292.234	474.878	-	(1.570.323)	-	1.196.789
	215.812.996	**5.895.540**	**(1.900.733)**	**-**	**(14.643.386)**	**205.164.417**
Accumulated Depreciation:						
Land improvements	(5.217.671)	(105.840)	-	-	-	(5.323.511)
Buildings	(19.211.509)	(1.439.106)	-	-	-	(20.650.615)
Machinery and equipment	(123.759.294)	(4.575.220)	664.073	-	-	(127.670.441)
Motor vehicles	(424.439)	(29.632)	182.084	-	-	(271.987)
Furniture and fixtures	(3.116.030)	(329.680)	54.758	-	-	(3.390.952)
Leasehold improvements	(1.010.707)	(706.601)	23.647	-	-	(1.693.661)
	(152.739.650)	**(7.186.079)**	**924.562**	**-**	**-**	**(159.001.167)**
Net book value	**63.073.346**					**46.163.250**

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

NOTE 19 – INTANGIBLE ASSETS

	1 January 2009	Additions	Disposals	31 December 2009
Cost:				
Rights	274.106	8.805	-	282.911
Computer software	2.814.633	39.584	-	2.854.217
	3.088.739	**48.389**	**-**	**3.137.128**
Accumulated depreciation:				
Rights	(170.674)	(74.616)	-	(245.290)
Computer software	(2.769.308)	(44.509)	-	(2.813.817)
	(2.939.982)	**(119.125)**	**-**	**(3.059.107)**
Net book value	**148.757**			**78.021**

Current period depreciation has been included in the operating expenses.

	1 January 2008	Additions	Disposals	Impairment	31 December 2008
Cost:					
Rights	459.867	104.325	(43.335)	(246.751)	274.106
Computer software	2.838.484	17.454	(41.305)	-	2.814.633
	3.298.351	**121.779**	**(84.640)**	**(246.751)**	**3.088.739**
Accumulated depreciation:					
Rights	(107.071)	(83.104)	19.501	-	(170.674)
Computer software	(2.734.656)	(52.256)	17.604	-	(2.769.308)
	(2.841.727)	**(135.360)**	**37.105**	**-**	**(2.939.982)**
Net book value	**456.624**				**148.757**

NOTE 20 - GOODWILL

None (2008: None).

NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

None (2008: None).

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

NOTE 22 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

	31 December 2009	31 December 2008
Provisions for expenses	-	419.662
	-	**419.662**

Contingent Liabilities:

	31 December 2009	31 December 2008
Promissory notes and sureties given	10.189.956	10.702.139
Guarantee letters received	922.478	2.734.017
Mortgages received	1.188.050	258.050
	12.300.484	**13.694.206**

Guarantee letters received are advances taken from customers in relation to sales. The nature and level of risks derived from guarantee letters received are disclosed in Note 38.

As of 31 December 2009, the details of the Group's guarantees/pledges/ mortgages ("GPM") are summarized as follows:

GPMs given by the Group

	31 December 2009	31 December 2008
A. GPMs given on behalf of its own legal entity	2.118.452	5.852.663
B. GPMs given on behalf of its consolidated subsidiaries	-	-
C. GPMs given to third parties as guarantees to perform ordinary course of operations	-	-
Total	**2.118.452**	**5.852.663**
D. Total of other GPMs given	-	-
i. Total of GPMs given on behalf of the parent	-	-
ii. Total of GPMs given on behalf of other group companies that are not included in B and C	-	-
iii. Total of GPMs given to third parties that are not included in C	-	-

Guarantee letters are given to various Customs Directorates. As of 31 December 2009 and 2008, the Group has no other given GPMs.

NOTE 23 – COMMITMENTS

The Group has export commitment amounting to USD 18.000.000 as of 31 December 2009 (2008: USD 29.611.435).

Lease Agreements:

The Group's operational lease commitments are as follows:

	31 December 2009	31 December 2008
Within 1 year	1.908.100	2.837.874
Within 1-5 years	3.283.420	6.183.241
	5.191.120	**9.021.115**

NOTE 24 – EMPLOYEE BENEFITS

Short Term	**31 December 2009**	**31 December 2008**
Unused vacation provision	1.212.438	801.697
Retirement pay provision	-	284.221
	1.212.438	**1.085.918**
Long Term		
Retirement pay provision	4.425.717	4.203.146
	4.425.717	**4.203.146**

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to in accordance with the provisions set out in law no: 2422 issued at 6 March 1981, law no: 4447 issued at 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 2.365,16 for each period of service as at December 31, 2009 (31 December 2008: TL 2.173,19). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,80% and a discount rate of 11,00%, resulting in a real discount rate of approximately 5,92% (31 December 2008: 6,26% real discount rate). The anticipated rate of forfeitures is also considered in the calculation of provision from employment termination benefits.

The movement of retirement pay provision for the year ended as of 31 December 2009 is as follows:

	31 December 2009	**31 December 2008**
1 January	4.203.146	4.395.142
Interest cost	248.826	250.963
Service cost and actuarial gain	1.083.615	2.834.623
Payments	(1.109.870)	(3.277.582)
	4.425.717	**4.203.146**

The current year's provision expense is recognized in the statement of income.

NOTE 25 - PENSION PLANS

None (2008: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2009	31 December 2008
Value added tax recoverable	331.572	1.190.847
VAT carried forward	1.070.414	635.420
Prepaid expenses	306.264	995.374
Business advances	185.973	76.800
Prepaid taxes	17.659	-
Other	229.226	172.906
Other current assets	**2.141.108**	**3.071.347**

Other Non-Current Assets	31 December 2009	31 December 2008
Advances	-	364.454
Prepaid expenses	15.580	-
Less: Allowance for doubtful receivable (-)	-	(364.454)
Other non-current assets, net	**15.580**	**-**

Other Short Term Liabilities	31 December 2009	31 December 2008
Employee wages	570.321	980.029
Taxes and dues payable	643.848	907.512
Social security premiums payable	649.565	693.323
Other	339.253	228.071
	2.202.987	**2.808.935**

NOTE 27 – SHAREHOLDERS' EQUITY

a) Paid in Capital:

The Company's shareholders and their shares as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009		31 December 2008	
	TL	Share (%)	TL	Share (%)
Hacı Ömer Sabancı Holding A.Ş.	16.878.507	57,88	16.878.507	57,88
Public quotation	6.845.972	23,48	6.845.972	23,48
Other (*)	5.435.521	18,64	5.435.521	18,64
	29.160.000	**100,00**	**29.160.000**	**100,00**

(*) Total shareholders having less than 10% of total shares.

The approved and paid-in capital of the Company consists of 2.916.000.000 shares (2008: 2.916.000.000) issued on bearer having a nominal value of Kr 1 (Kr one) each.

b) Restricted Reserves Assorted from Profit:

Retained earnings, except restricted reserves presented in financial statements, are available for distribution in the below circumstances.

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

c) Minority Interests:

	2009	**2008**
As of 1January	-	5.038.893
Capital increase	1.803.200	2.400.441
Net loss for the period	(1.803.200)	(7.439.334)
As of 31 December	**-**	**-**

d) Retained Earnings / Accumulated Deficits

As of 31 December 2009, the Group's retained earnings amounting to TL 12.814.329 consists of inflation restatement differences amounting to TL 3.062, and extraordinary reserves amounting to TL 12.811.267 (31 December 2008: retained earnings amounting to TL 9.865.760, inflation restatement differences amounting to TL 3.062 and legal and extraordinary reserves amounting to TL 9.862.698).

Previously, in accordance with the CMB's requirements which were effective until 1 January 2008, the amount which was obtained from the first-time application of inflation adjustments to financial statements and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

Also, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

However, in accordance with the Communiqué Volume: XI, No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted profit reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Communiqué should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital; and

- "Retained earnings/ accumulated loss", if such differences are arising from "Restricted profit reserves" and "Premium in excess of par" and has not been subjected to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

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

In accordance with the Capital Markets Board's (the "Board") Decree issued on 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (December 31, 2008: 20%), and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

Shareholder's Equity Items Subject to Profit Distribution:

The Company has no accumulated deficit in its statutory records. As of the balance sheet date, the Company's net profit amounts to TL 322.567 (31 December 2008: TL 5.078.617) and the sum of other items that subject to profit distribution amounts to TL 22.583.938 (31 December 2008: TL 17.759.252) in its statutory books.

NOTE 28 – SALES AND COST OF SALES

a) Sales revenue

	31 December 2009	31 December 2008
Foreign sales	81.386.563	95.576.488
Domestic sales	55.054.503	75.356.176
	136.441.066	**170.932.664**

b) Cost of sales

	31 December 2009	31 December 2008
Raw materials	(37.428.041)	(52.971.118)
Direct labor costs	(12.106.300)	(15.973.011)
General production overhead	(27.174.805)	(37.814.506)
Depreciation expenses	(5.794.120)	(6.146.909)
Changes in work in process	1.779.160	(3.310.920)
Changes in finished goods	(8.519.970)	(1.201.189)
Cost of finished goods sold	**(89.244.076)**	**(117.417.653)**
Cost of trade goods sold	**(15.262.057)**	**(6.627.053)**
Provision for impairment of inventory	834.731	(2.958.265)
Cost of sales	**(103.671.402)**	**(127.002.971)**

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

	31 December 2009	31 December 2008
Personnel	(4.063.612)	(6.673.373)
Consultancy and audit	(4.476.924)	(4.100.674)
Export and freight	(4.153.328)	(4.283.498)
Marketing	(327.047)	(665.626)
Rent	(2.263.957)	(3.353.981)
Transportation	(1.969.341)	(2.115.159)
Fair and exhibition expenses	(809.714)	(482.270)
Depreciation and amortization	(354.996)	(686.835)
Advertising expenses	(193.716)	(734.217)
Other	(1.036.320)	(2.027.023)
Total marketing, sales and transportation expenses	**(19.648.955)**	**(25.122.656)**

	31 December 2009	31 December 2008
Personnel	(3.830.839)	(4.694.053)
Consultancy and audit	(624.968)	(653.603)
Rent	(518.177)	(659.381)
Retirement pay	(1.332.441)	(3.085.586)
Other provisions	(410.741)	(50.886)
Depreciation and amortization	(32.523)	(487.695)
Other	(284.937)	(1.531.768)
Total general administrative expenses	**(7.034.626)**	**(11.162.972)**

	31 December 2009	31 December 2008
Personnel	(342.876)	(370.976)
Export and freight	(326.341)	(305.333)
Other	(2.399.179)	(2.296.029)
Total research and development expenses	**(3.068.396)**	**(2.972.338)**

NOTE 30 – EXPENSES BY NATURE

a) Accrued wages and salaries

	31 December 2009	31 December 2008
Cost of goods sold	(19.713.963)	(22.658.076)
Marketing, sales and transportation	(3.318.572)	(5.175.467)
General administration	(3.016.424)	(3.504.255)
Research and development	(342.876)	(370.976)
	(26.391.835)	**(31.708.774)**

b) Allocation of depreciation expenses

	31 December 2009	31 December 2008
Cost of goods sold	(5.794.120)	(6.146.909)
Marketing, sales and transportation	(354.996)	(686.835)
General administration	(32.523)	(487.695)
	(6.181.639)	**(7.321.439)**

NOTE 31 – OTHER OPERATING INCOME/EXPENSES

	31 December 2009	31 December 2008
Gain on sale of property, plant and equipment	553.401	930.163
Fair incentive income	360.381	213.660
Provisions released	266.680	13.800
Raw material and scrap sales income	86.549	964.522
Commission income	19.017	45.499
Other	1.187.761	935.897
Total other operating income/profit	**2.473.789**	**3.103.541**

	31 December 2009	31 December 2008
Doubtful ready to wear clothing receivables	(1.053.659)	-
Provision for impairment of fixed assets	-	(14.890.137)
Expenses due to activities to be suspended	-	(1.498.321)
Provision for doubtful receivable expenses	(816.786)	(4.292.402)
Dues and fees	(129.235)	(151.006)
Private transaction taxes	(40.332)	(70.155)
Fines and penalties	(32.224)	(20.938)
Raw material and scrap sales expenses	(14.246)	(794.437)
Other	(1.836.021)	(945.686)
Total other operating expenses/losses	**(3.922.503)**	**(22.663.082)**

NOTE 32 – FINANCE INCOME

	31 December 2009	31 December 2008
Foreign exchange gains	9.889.821	18.633.063
Interest income	1.546.344	439.676
	11.436.165	**19.072.739**

NOTE 33 – FINANCE EXPENSES

	31 December 2009	31 December 2008
Foreign exchange losses	(10.637.327)	(21.711.391)
Interest expenses	(8.828.407)	(11.074.695)
	(19.465.734)	**(32.786.086)**

NOTE 34 –ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2008: None).

NOTE 35 – TAX ASSETS AND LIABILITIES

Tax amounts reflected in balance sheets are as follows:

	31 December 2009	31 December 2008
Corporate tax payable	551.073	1.338.199
Less: Prepaid tax	(391.011)	(1.068.537)
	160.062	**269.662**

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is recognized in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2008: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. The companies with special accounting periods file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19, 8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Group. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from January 1, 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of December 31, 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

At the meeting held on 15 October 2009, the Constitutional Court annulled the legal arrangement that eliminates the option of vested rights on the basis of being contradictory to the constitution and time restriction on investment incentives is also revoked as of the reporting date. The related decision was published in the Official Gazette on 8 January 2010.

The Group has applied 20% of corporate tax rate because it has chosen not to use the investment incentive.

Inflation Adjusted Tax Calculations:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No: 5024 published in the Official Gazette No: 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". Since the inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No: 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds for periods 2005-2009, no further inflation adjustment was made to the Company's statutory financial statements for periods in-between 2005-2009.

As of 31 December 2009 and 31 December 2008, tax amounts reflected in the income statement are as follows:

	31 December 2009	31 December 2008
Current tax liability	(551.073)	(1.338.199)
Deferred tax benefit/ (charge)	145.230	73.868
	(405.843)	**(1.264.331)**

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

The rate used in the calculation of deferred tax assets and liabilities is 20% (2008: %20).

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements have been calculated on a separate-entity basis.

As of 31 December 2009 and 31 December 2008, the details of temporary differences and deferred tax assets and liabilities are as follows:

	Accumulated temporary differences		Deferred tax asset/ (liability)	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Property, plant and equipment and intangible assets	(4.194.738)	(3.197.841)	838.948	639.568
Inventories	1.460.534	161.199	(292.107)	(32.240)
Provision for employee termination benefits	(4.400.882)	(4.182.808)	880.176	836.562
Other provisions	(1.160.675)	(748.687)	232.135	149.737
Non accrued finance expense (net)	(1.436.916)	(471.066)	287.383	94.213
Non accrued profit on inventories	-	(567.327)	-	113.465
Deferred tax assets - net			**1.946.535**	**1.801.305**

	31 December 2009	31 December 2008
Deferred tax assets whose economic benefits expected to flow to the entity over a year period	1.719.124	1.476.130

Deferred tax asset movements are as follows:

	2009	2008
1 January	**1.801.305**	**1.727.437**
Current period deferred tax income	145.230	73.868
31 December	**1.946.535**	**1.801.305**

Current period tax reconciliation is as follows:

	1 January – 31 December 2009	1 January - 31 December 008
Profit /(loss) before taxation from operations	(6.460.596)	(28.601.161)
Income tax rate 20% (2008: 20%)	(1.292.119)	(5.720.232)
Tax effect:		
- non-deductible expenses	1.484.353	212.511
- carry forward tax losses effect	4.585.448	2.286.259
- temporary differences that are not subject to taxation	(4.371.839)	4.485.793
Tax expense/(income)	**405.843**	**1.264.331**

The Group has unused tax losses amounting to TL 38.573.929 as of the balance sheet date (31 December 2008: TL 15.646.688). Since future taxable profit cannot be estimated, the Group has not recognized any deferred tax assets associated with such losses. The maturity details of unrecognized tax losses are as follows:

	31 December 2009	31 December 2008
Ended in 2012	4.215.391	4.215.391
Ended in 2013	11.431.297	11.431.297
Ended in 2014	22.927.241	-
	38.573.929	**15.646.688**

NOTE 36 – EARNINGS PER SHARE

	31 December 2009	31 December 2008
Net profit / (loss) for the period	(5.063.239)	(22.426.158)
Weighted-average number of outstanding shares (1 share equals to Kr 1 valued shares)	2.916.000.000	2.916.000.000
Net profit/ (loss) per share (TL)	(0,174)	(0,769)

NOTE 37 – RELATED PARTY TRANSACTIONS

Since transactions between the Company and its subsidiaries are eliminated for consolidation purposes, these balances are not disclosed in this note.

a) Trade receivables from related parties:	31 December 2009	31 December 2008
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	828.970	8.803.387
Hacı Ömer Sabancı Holding A.Ş	-	5.636
	828.970	**8.809.023**
Less: Non accrued finance income	(1.645)	(69.301)
Less: Allowance for doubtful receivables	(602.904)	(176.429)
	224.421	**8.563.293**

Receivables from related parties generally have maturities less than 4 months (2008: Less than 4 months), and as of 31 December 2009, TL and USD, Euro and GBP denominated receivables from related parties are discounted using the LIBOR rates.

b) Due to related parties:	31 December 2009	31 December 2008
Advansa Sasa Polyester Sanayi A.Ş.	43.674	175.157
Aksigorta A.Ş.	18.612	239.012
Hacı Ömer Sabancı Holding A.Ş.	9.920	19.449
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	7.426	4.447
Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh)	760.425	283.067
Exsa UK Limited	-	27.914
	840.057	**749.046**
Less: Non accrued finance expenses	(2.707)	(17.506)
	837.350	**731.540**

Due to related parties generally have maturities less than 1 month, and as of 31 December 2009, TL and USD, Euro and GBP denominated due to related parties are discounted using annual average interest rate of 7,43% and LIBOR rates, respectively.

c) Bank deposits:	31 December 2009	31 December 2008
Akbank T.A.Ş.		
- demand deposits	1.876.896	454.701
	1.876.896	**454.701**

d) Bank loans:	31 December 2009	31 December 2008
Akbank T.A.Ş.	8.941.671	15.973.270
	8.941.671	**15.973.270**

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

e) Product sales to related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (*)	-	69.722.780
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	-	6.005
Exsa Americas Inc.	-	135.907
Hacı Ömer Sabancı Holding A.Ş	-	5.218
	-	**69.869.910**

(*) The Group has an export agreement with Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa"). The Group determines the prices of export goods. Export expenses and commissions paid to Exsa are disclosed under the services received from related parties account. The Group has been performing its export operations without using any intermediaries since September 2008.

f) Product purchases from related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	-	742.710
Advansa Sasa Dupont Sabancı Polyester Sanayi A.Ş.	265.201	1.034.150
	265.201	**1.776.860**

g) Services received from related parties:

Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	589.354	4.979.130
Aksigorta A.Ş.	751.483	555.290
Hacı Ömer Sabancı Holding A.Ş.	762.645	765.943
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	-	290.375
Sabancı Üniversitesi	-	3.121
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	42.566	46.071
Sabancı Telekomünikasyon Hizmetleri A.Ş.	-	21.640
Exsa UK Limited	451.476	252.218
Avivasa Emeklilik ve Hayat A.Ş	57.057	48.778
Exsa Americas Inc.	91.759	-
Teknosa İç ve Dış Ticaret A.Ş.	101	-
Yünsa Americas Inc.	310.931	-
Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh)	1.180.850	487.263
Exsa Free Zone	-	48.342
Yünsa İtalia S.R.L	129.060	147.668
Yünsa UK Limited	965.826	887.461
	5.333.108	**8.533.30**

h) Fixed asset purchases from related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	51.780	45.586
	51.780	**45.586**

i) Other Income:

Aksigorta A.Ş.	21.962	45.499
	21.962	**45.499**

j) Interest and foreign exchange income:

Akbank T.A.Ş.	2.171.443	2.997.145
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	617.319	8.809.514
Advansa Sasa Polyester Sanayi A.Ş.	1.254	18.764
Aksigorta A.Ş	32.933	5.031
Uptown Polska	-	129.008
Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh)	-	31.670
Exsa Americas Inc.	-	2.185
	2.822.949	**11.993.317**

k) Interest and foreign exchange expenses:

Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	434.334	6.436.697
Akbank T.A.Ş.	3.866.034	9.099.599
Advansa Sasa Polyester Sanayi A.Ş.	11.721	62.860
Aksigorta A.Ş.	2.284	-
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	-	6.444
Uptown Polska	-	40.282
Yünsa Germany Gmbh (formerly known as Exsa Deutschland Gmbh)	-	38.326
	4.314.373	**15.684.208**

l) Other expenses:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	20.872	113.423
Aksigorta A.Ş.	2.818	-
	23.690	**113.423**

m) Rent Expenses:

Hacı Ömer Sabancı Holding A.Ş.	690.566	650.956
Bossa Ticaret ve Sanayi İşletmeleri A.Ş.	-	187.250
	690.566	**838.206**

n) Benefits and fringe benefits provided to board members and key management personnel:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Wages and other short term benefits	1.722.662	1.764.830
Other long term benefits	61.245	32.108
Termination pay benefits	-	33.462
	1.783.907	**1.830.400**

o) Other receivables from related parties:

	31 December 2009	31 December 2008
Exsa Americas Inc.	-	90.738
Uptown Polska	-	402.819
Yünsa UK Limited	114.647	101.853
Yünsa A.Ş. Shangai Office (China)	51.432	-
	166.079	**595.410**
Less: Allowance for doubtful receivables	-	(402.819)
	166.079	**192.591**

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

a) Capital risk management

The Company's objective is to maintain its status as a going concern, protect the rights and benefits of its shareholders and stakeholders and to maintain an optimum effective capital structure to reduce the cost of capital.

In order to create and maintain capital structure, the Group can formulate a payment schedule for dividends paid to shareholders and shareholder capital returns, issue new shares or dispose of its assets in order to decrease its liabilities.

The Group manages its capital using the net debt/total capital ratio in order to be in line with other companies in the sector. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as a total liability amount (comprises of financial liabilities, leasing, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

	31 December 2009	31 December 2008
Total Liabilities	83.675.078	101.891.188
Less: Cash and cash equivalents	(2.005.689)	(1.140.742)
Net Debt	81.669.389	100.750.446
Total Shareholders' Equity	44.961.690	50.024.929
Total Capital	126.631.079	150.775.375
Equity/Debt ratio	%64	%67

b) Financial risk factors

The Group is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk as a result of its operations. The Group's risk management policy generally seeks to minimize the potential negative effects of market uncertainties over the Group's financial performance.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is regularly monitored by the by the Group. Since receivables from exports are insured by different financial firms, the Group has no material loss risk.

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

Credit Risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2009	Related Party	Other Receivables	Related Party	Other Receivables	Deposits in Banks	Derivative Instruments	Other
Maximum net credit risk as of the balance sheet date (*) (A+B+C+D+E)	224.421	44.426.597	166.079	74.529	1.999.814	-	-
- The part of maximum risk under guarantee with collateral etc.	-	17.207.408	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	122.110	42.818.552	166.079	74.529	1.999.814	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	1.608.045	-	-	-	-	-
- The part under guarantee with collateral etc.	-	1.159.919	-	-	-	-	-
D. Net book value of impaired assets	102.311	-	-	-	-	-	-
- Overdue (gross carrying amount)	705.215	2.272.339	-	-	-	-	-
- Impairment (-)	(602.904)	2.272.339	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	102.311	-	-	-	-	-	-
- Undue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received (collaterals, guarantee letters, accounts receivable insurance), are not taken account in the calculation.

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

Credit Risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2008	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivative Instruments	Other
Maximum net credit risk as of balance sheet date (*) (A+B+C+D+E)	8.563.293	47.482.606	192.591	37.776	1.121.114	-	-
- The part of maximum risk under guarantee with collateral etc.	5.826.683	17.091.824	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	8.563.293	46.255.248	192.591	37.776	1.121.114	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	1.227.358	-	-	-	-	-
- The part under guarantee with collateral etc.	-	940.660	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	176.429	1.331.630	-	-	-	-	-
- Impairment (-)	(176.429)	(1.331.630)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
- Undue (gross carrying amount)	-	817.078	402.819	1.674.468	-	-	364.454
- Impairment (-)	-	(817.078)	(402.819)	(1.674.468)	-	-	(364.454)
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*)Factors that increase the credit reliability, such as; guarantees received (collaterals, guarantee letters, accounts receivable insurance), are not taken account in the calculation.

As of 31 December 2009, TL 41.341 of trade receivables consists of credit card receivables and has a maturity of 3 months (31 December 2008: TL 561.921).

The aging of overdue receivables and related collaterals as of the balance sheet date is as follows:

	31 December 2009	31 December 2008
Overdue 1-30 days	161.502	1.024.637
Overdue 1-3 months	1.309.600	47.958
Overdue 3-12 months	136.943	154.763
Overdue 1-5 years	2.977.554	1.508.059
Overdue more than 5 years	-	-
Total overdue receivables	**4.585.599**	**2.735.417**
The part under guarantee with collateral	1.262.230	940.660

Collaterals held for trade receivables that are overdue but not impaired:

	31 December 2009	31 December 2008
Collaterals	1.159.919	940.660
Export insurance	102.311	-
	1.262.230	**940.660**

b.2 Liquidity risk management

The Board of Directors is responsible for the liquidity risk management. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows, and matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of the Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The table includes both interest and principal cash flows.

Liquidity Risk Tables:

31 December 2009

Contractual Maturity Analysis	Carrying Value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative						
Financial liabilities						
Bank borrowings	64.004.256	67.364.747	14.085.817	53.278.930	-	-
Trade payables	10.894.681	10.977.702	10.026.005	951.697	-	-
Total liabilities	**74.898.937**	**78.342.449**	**24.111.822**	**54.230.627**	**-**	**-**

31 December 2008

Contractual Maturity Analysis	Carrying Value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative						
Financial liabilities						
Bank borrowings	78.145.405	81.477.055	53.547.284	27.929.771	-	-
Trade payables	14.421.824	14.510.448	8.369.946	6.140.502	-	-
Total liabilities	**92.567.229**	**95.987.503**	**61.917.230**	**34.070.273**	**-**	**-**

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures of the Group are measured using the sensitivity analysis.

There has been no change in the Group's exposure to market risks or methods used in managing and measuring the risk in the current period.

b.3.1) Foreign currency risk management

The Group is mainly exposed to foreign currency risks in USD, EURO and GBP.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD, EURO and GBP. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as of the balance sheet date are as follows:

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

31 December 2009	TL Equivalent (Functional currency)	US Dollar	Euro	Yen	GBP	Other
1. Trade Receivables	21.998.101	1.928.412	7.013.848	-	1.650.124	-
2a. Monetary Financial Assets (Cash, Banks included)	1.465.298	911.252	37.866	-	4.781	1
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	**23.463.399**	**2.839.664**	**7.051.714**	**-**	**1.654.905**	**1**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**23.463.399**	**2.839.664**	**7.051.714**	**-**	**1.654.905**	**1**
10. Trade Payables	6.647.089	3.091.958	912.660	-	8.333	-
11. Financial Liabilities	25.374.754	5.003.135	6.618.485	-	1.483.183	-
12a. Other Monetary Financial Liabilities	-	-	-	-	-	-
12b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**32.021.843**	**8.095.093**	**7.531.145**	**-**	**1.491.516**	**-**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**32.021.843**	**8.095.093**	**7.531.145**	**-**	**1.491.516**	**-**

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

31 December 2009	TL Equivalent (Functional currency)	US Dollar	Euro	Yen	GBP	Other
19. Net asset / liability position of						
Off-balance sheet derivatives (19a-19b)	-	-	-	-	-	-
19a. Off-balance sheet foreign currency						
derivative liabilities	-	-	-	-	-	-
19b. Off-balance sheet foreign currency						
derivative liabilities	-	-	-	-	-	-
20. Net foreign currency asset / liability position (9-18+19)	(8.558.444)	(5.255.429)	(479.431)	-	163.389	1
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(8.558.444)	(5.255.429)	(479.431)	-	163.389	1
22. Fair value of foreign currency hedged financial assets						
23. Hedged foreign currency assets	-	-	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-	-
25. Exports	81.386.563	7.088.547	24.546.075	-	6.362.868	-
26. Imports	42.559.911	22.332.756	2.900.790	49.950	5.022	375.905

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

31 December 2008	TL Equivalent (Functional currency)	US Dollar	Euro	Yen	GBP	Other
1. Trade Receivables	25.755.690	4.561.575	6.540.165	-	2.214.940	-
2a. Monetary Financial Assets (Cash, Banks included)	265.352	92.977	26.320	-	30.426	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	**26.021.042**	**4.654.552**	**6.566.485**	**-**	**2.245.366**	**-**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**26.021.042**	**4.654.552**	**6.566.485**	**-**	**2.245.366**	**-**
10. Trade Payables	6.014.956	3.575.133	262.861	-	1.045	30.250
11. Financial Liabilities	27.461.665	4.268.787	8.429.142	-	1.350.516	-
12a. Other Monetary Financial Liabilities	-	-	-	-	-	-
12b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**33.476.621**	**7.843.920**	**8.692.003**	**-**	**1.351.561**	**30.250**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**33.476.621**	**7.843.920**	**8.692.003**	**-**	**1.351.561**	**30.250**

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

31 December 2008	TL Equivalent (Functional currency)	US Dollar	Euro	Yen	GBP	Other
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)						
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities						
20. Net foreign currency asset liability position (9-18+19)	-	-	-	-	-	-
21. Net foreign currency asset / liability position of monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)						
22. Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
20. Net yabancı para varlık yükümlülük pozisyonu (9-18+19)	(7.455.579)	(3.189.368)	(2.125.518)	-	893.805	(30.250)
21. Parasal kalemler net yabancı para varlık / yükümlülük pozisyonu (1+2a+5+6a-10-11-12a-14-15-16a)	(7.455.579)	(3.189.368)	(2.125.518)	-	893.805	(30.250)
22. Döviz hedge'i için kullanılan finansal araçların toplam gerçeğe uygun değeri	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-	-
25. Exports	95.576.488	14.716.856	26.192.735	-	8.489.042	-
26. Imports	55.850.219	36.581.886	3.669.919	2.036.418	26.665	590.089

The effect of fluctuations in foreign exchange rates is the reason of risk exposed since the Group has foreign currency denominated receivables and payables. Foreign currency risk is monitored and limited, where need, through foreign exchange position analysis.

	31 December 2009 Income / Expense	
	Appreciation of foreign currency	**Devaluation of foreign currency**
If US Dollar is appreciated against the TL by 10%		
1- US Dollar net asset / liability	(791.310)	791.310
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	(791.310)	791.310
If Euro is appreciated against the TL by 10%		
4- Euro net asset / liability	(103.571)	103.571
5- Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(103.571)	103.571
If GBP is appreciated against the TL by 10%		
7- GBP net asset / liability	39.037	(39.037)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (4+5)	39.037	(39.037)
TOTAL (3 + 6 +9)	**(855.844)**	**855.844**

	31 December 2008 Income / Expense	
	Appreciation of foreign currency	**Devaluation of foreign currency**
If US Dollar is appreciated against the TL by 10%		
1- US Dollar net asset / liability	(482.328)	482.328
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	(482.328)	482.328
If Euro is appreciated against the TL by 10%		
4- Euro net asset / liability	(455.031)	455.031
5- Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(455.031)	455.031
If GBP is appreciated against the TL by 10%		
7- GBP net asset / liability	195.958	(195.958)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (4+5)	195.958	(195.958)
TOTAL (3 + 6 +9)	**(741.401)**	**741.401**

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk due to fixed and floating interest borrowing rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Strategies are assessed regularly based on interest rate expectations and defined risk levels. The aim of assessments is to design an optimum hedging strategy and to review balance sheet positions and to control interest expenses for different level of interest rates.

The Group's financial instruments that are sensitive to interest rate are as follows:

Interest Rate Position Table

		31 December 2009	31 December 2008
	Fixed Interest Rate Financial Instruments		
Financial Assets	Fair value through profit and loss	-	-
	Available for sale financial assets	-	-
Financial Liabilities		-	-
	Floating Interest Rate Financial Instruments		
Financial Assets		-	-
Financial Liabilities		25.374.754	27.461.663

Sensitivity analysis is made for non-derivative instruments held as of the balance sheet date. For the balance of liabilities, with floating interest rate, the year-end balance is assumed to be the same for whole year. The Group management expects 1% of interest rate fluctuation and the rate also is used in the internal reporting to top management.

Based on the analysis calculated by the Group, if the interest rate for TL were increased / decreased by 1% based on the assumption of keeping all other variables constant as at 31 December 2009, the net income before tax of the Group would increase/decrease by TL 253.748 (31 December 2008: TL 274.617).

NOTE 39 – FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is the best way to determine the fair value, if exists.

Fair value of financial instruments is determined by the Group in accordance with current market information and proper valuation methods. The Group's expectations are considered when assessing the market information. Therefore, the expectations disclosed herein may not directly represent any current market transaction value.

The following methods and expectations are used for fair value expectations of financial instruments with determinable fair value.

1) Monetary assets

Fair value of items denominated in foreign currencies and translated at the rates prevailing at the balance sheet date approximates to their carrying amount.

Fair value of cash and bank accounts approximates to their carrying amount since they are liquid assets.

Carrying amount of trade receivables approximates to their fair value.

2) Monetary Liabilities

Fair value of bank loans and other monetary liabilities approximates to their carrying amount since they are short term liabilities.

Trade payables are carried at fair value.

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

Categories of financial instruments

31 December 2009	Financial assets carried at amortized cost	Loans and receivables	Available-for-sale investments	Financial liabilities carried at amortized cost	Book value	Notes
Financial assets						
Cash and cash equivalents	2.005.689	-	-	-	2.005.689	6
Trade receivables	-	44.426.597	-	-	44.426.597	10
Due from related parties	-	224.421	-	-	224.421	37
Other receivables	-	74.529	-	-	74.529	11
Other receivables from related parties	-	166.079	-	-	166.079	37
Financial investments	-	-	782.660	-	782.660	7
Financial liabilities						
Financial liabilities	-	-	-	64.004.256	64.004.256	8
Trade payables	-	-	-	10.057.331	10.057.331	10
Due to related parties	-	-	-	837.350	837.350	37

31 December 2008	Financial assets carried at amortized cost	Loans and receivables	Available-for-sale investments	Financial liabilities carried at amortized cost	Book value	Notes
Financial assets						
Cash and cash equivalents	1.140.742	-	-	-	1.140.742	6
Trade receivables	-	47.482.606	-	-	47.482.606	10
Due from related parties	-	8.563.293	-	-	8.563.293	37
Other receivables	-	37.776	-	-	37.776	11
Other receivables from related parties	-	192.591	-	-	192.591	37
Financial investments	-	-	782.660	-	782.660	7
Financial liabilities						
Financial liabilities	-	-	-	78.145.405	78.145.405	8
Trade payables	-	-	-	13.690.284	13.690.284	10
Due to related parties	-	-	-	731.540	731.540	37

NOTE 40 – SUBSEQUENT EVENTS

Turkish Textile, Knitting and Clothing Workers' Union (Türkiye Tekstil, Örme ve Giyim Sanayii İşçiler Sendikası -"TEKSİF"), where all union workers/employees are members, and Turkish Textile Employers' Association (Türkiye Tekstil Sanayi İşverenleri Sendikası), in which the Company is a member, have begun their 12th Term Labor Agreements as of 15 February 2010.

NOTE 41-OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

None.

NOTES