NEAR EAST UNIVERSITY

THE FACULTY OF ECONOMICS
&
AND ADMINSTRATIVE SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATIVE

GRADUATION PROJECT

Comperative Financial Statement Analysis of BANVIT and PINAR

Submitted by

MUSTAFA ONUR AYDIN

Submitted to

MEHMET AĞA

Nicosia- Sept. 3th 2003

ABSRACT

Financial statement analysis is a tool that helps the analysis's and investors to make decision by using useful information . And also it helps the investors to understand the key trends and relationship which gives clear understanding of all the financial activities. With the help of classified financial statement analysis certain types of financial activities are recorded and placed together in a group from which in turns help the users to develop useful subtotals and indicators. Whereas comparative financial statements give summary of several years activities so that investors can easily compare the changing trends.

My aim in project is to analyses financial statement of Banvit for last five years and compare the current performance with past performance of Banvit .And also to compare the current position of Banvit with only competitor Pınar. Banvit is one of the top fifty companies in I.M.K.B when we make these analyze we take on help from financial books, accounting books, İstanbul Stok Exchange market companies books. And also we will use İstanbul Stok Exchange Market's web site that is www.ise.gov.tr

TABLE OF CONTENT

INTRODUCTION

In today's economy, incestment capital is always on the move. Through organized capital markets such as the Istanbul Stok Exchang, investors each day shift billions of investment Turkish Liras among different companies, industries and nations. Capital flows to those areas in which investors expect to earn the greaest returns with the least risk.How do investors forecast risk and potantial returns? By analyzing accounting information for a specific company in the context of it!s unique industry setting . The goal of accounting is to provide economics decision makers with useful information .The financial statements generated through the accounting process are designed to assist users in identifying key relationships and trends .The finansial statements of most publicly owned companies are classified and are presented in comperative form .Often , the word 'consolidated 'appears iin the headings of the statement. Users of finansial statements should have a clear understanding of these terms .[1]

Most business organisations prepare classified finansial statements, meaning that items with certain characteristics are placed togedher in a group ,or classification . the purpose of these classification is to develop useful subtotals that will assist users of the statements in their analyses .In comparative finansial statements ,the finansial statement amountsfor several years appear side by side in vertical columns .This assists investors in identifying and evaluating significant changes and trends.

This project focuses on financial statement analysis ,which means using financial statement data to assess a company. Sources of information about companies , the objectives of financial statement analysis, and methods for evaluating financial stetements are covered.The majority of the project deals with ratios and how to understand the financial statements as

[1] Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

prepared under GAAP. Disclosure practices have evolved with the specific purpose of providing information is collected , aggregated ,and disclosed.We have frequantly provided ratios and other tools of analsis and have demonstrated how the informationmight aid in making decisions . In this project we integrete prior material and discuss additional tools for analysing and evaluating the company's financial position.[2]

I have conducted the analisis of Banvit and Pınar in five stages

First part includes the background of Banvit and Pınar ,its historıcal development from foundation up to now.

Some scientific definitions and different approaches from various sources about the financial statements are available in the second part. The definitions and explanations abouth the functions and necessity of Balance sheet, Income Statement and Stockholders Equity and Statement of Cash Flow are also included.

The third part introduces some very important tools of analising finansial position of a company. Such tools like dollar and percentage Changes, Trend Percentages (Horizantal Analisis),Component Percentages (Vertical Analysis)and Ratio Analysis ,give us details abouth the financial strengths and structure of a company.

The fourt part includes the application previously mentioned Compenent Percentages (Vertical Analisis9, Trend Percentages (Horzintal Analisis), Dollar and Percentage changes and Ratios to the Banvit and Pınar companys under the light of last five years reports. This

---

[2] Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

part enables us to understand the past performance and present financial structure of Banvit and Pınar.

In the fifth part limitation of the project will be explained.

At the end conclusion and recommandation will be provided to the users of financial statements.

1. HISTORICAL BACKGROUND OF BANVİT AND PINAR

1.1.Historical Background of PINAR

Türkiye was introduced with Pınar Dairy, the giant production facility of the Middle East in1975 and so far almost each year She enlarged her reign with the introduction of new sources that Pınar has introduced. A whole generation, grown with Pınar is pointing out to many others who will also grow healthy with Pınar.

From meat to milk, from frozen products to fish and from animal feed to feed-lots, institutionalized with an integrated approach, today Pınar rapidly carries on her efforts to be a worldwide trademark, renowned from pole to pole.

Pınar Meat is the first integrated meat processing plants of Turkey conforming Turkish international and AE standards. Since starting operation in 1985, Pınar Meat has always aimed to contribute to Turkish animal farming sector and offer healthy, reliable, delicious meat and meat products to the consumers using all possible advanced technology.

Holding a leading position in the market with 25 % share in processed meat and 83 % in frozen products fields, Pınar Meat is the pioneer of Turkish meat sector with a turnover of 180 million USD and export revenues of 919.000 USD.

Staring turkey production in 1997 after investing 23 million US dollars in this field, Pınar Meat has brought a new dimension to Turkish Meat Sector with Pınar Turkey Processing

facilities. Pınar Meat has signed under another first in Turkey by presenting an irresistible taste to Turkish cuisine adopting the motto "The Taste of red and the health of white meat."

Pınar Meat has contracted breeders for turkey farming thereby creating new employment and job opportunities for the region.

Holding ISO 9001 quality system certificate and carrying out production in strict conformity with the quality and hygiene guidelines since its foundation,
Pınar Meat, is proud to provide trained and informed labor force to the sector through studies of Apprenticeship Centers.

Having produced high quality, tasty and reliable food and beverage to Turkish people's taste for 23 years in its modern facilities using the latest technologies

1.1. Historical Background Of BANVİT

Banvit was established in 1968 by Sıtkı KOÇMAN, Selahattin GÖKTUĞ, Vural GÖRENER and Feridun GÖRENER. The first two gentlemen are prominent businessmen in Turkey, and the Göreners are well known in Bandırma business circles. The foundation of today's Banvit was a small feed mill that started production with a capital of 400.000 TL, and the only equipment was a hand-made crushing machine and a mixer.

By the time it had been in feed production for 15 years, Banvit had become the leading producer in the sector. At this time, Banvit started to look for new investment fields.

Initially, egg packing and classification plants were established. Then chicken production started coincidentally, as a consequence of a customer providing a poultry house for 15 years in exchange for his debt.

Breeder chicks were raised in this 1500 m2 poultry house, but the operation was not a success. Broiler chicken was then reared in the same poultry house, resulting in a good profit. From this, it was realized that specialization in broiler production was necessary, but the real profit would be gained from the processing business. Consequently, the first automatic processing plant was established in spring 1985. Soon production was more than could be consumed around Bandırma, so it was decided to create an effective sales network. The first branch was opened in Bursa, in May 1985. Then Balıkesir, İstanbul and Edirne followed, resulting in a broad sales organization capable of distribution around various regions of the country.

Banvit's target since its foundation was to establish full vertical integration. The company started breeder egg production in 1986 after opening its chicken processing plant in 1985. With the addition of its own hatchery in 1988, the company completed all links of the vertical

integration process. In 1992 Banvit floated 15% of its shares on the Istanbul Stock Exchange and increased its production capacity by moving to its new modern processing plant in the same year.

Banvit's original vision was being a leading chicken meat producer. With the internal re-structuring projects, which were started in 1996, this original vision evolved into becoming a leading food company and new investments were initiated for this purpose. After the establishment of Banvit Romania, construction of a further processing plant was begun, and that plant started production in May 2001.

Additionally and in line with the new vision, in 2000 the Tadpi Plant located in İzmir was purchased. The plant was redesigned and fitted for processing turkey, various poultry and game. Turkey production started there in May

II. FINANCIAL STATEMENTS

2.1.Balance sheet

The purpose of a balance sheet is to showe the financial position of a business at a particular date . Every business prepares a balance sheet at the end of the year, and most companies prepare one at teh and of each of month .A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity.

2.1.1.Asset

Assets are economic resources which are owned by a business and are expected to benefit future operation .assets may have definite physical form such as building ,machinery ,or merchandise .On the other hand, some assets exsist not in phsical or tangible form ,but in the form of valuable legal claims or rights; examples are amounts due from customers, investments in government bonds ,and patent rights.

One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present, genereally accepted accounting principles call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.The specific accounting principles supporting cost as the basis for assets valuation are discussed below.

2.1.2.Liabilities.

Liabilities are depts . all business concerns have liabilities ; even the largest and most succesful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liabilitity arising from the purchase of goods or services on credit is called an account payable ,and the person or company to whom the account payable is owed is called a creditor.

A business concern frequently finds it desirable to borrow money as ameans of suplementing the funds inveswted by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example,be used to buy merchandise which can be sold at a profitto the firm's custemers.Or the borrowed money might be used to buy new and more eficent machinery,thus enabling the company to turn out a larger volume of products at the lower cost.When a business borrows money for any reason,a liability is incured and the lender becomes a creditor of the business.The form of the liability when money is borrowed is usually a note payable ,a formal written promise to pay a certain amount of money ,plus interest at a definete future time.

An account payable , as contrasted whit a not payable , dose not involve the issuance of formal written promise to the creditor, and it dose not call for payment of interest .

2.1.3.Owner's Equity:

The owner's equity in a business reprecents the resources investedby the owner; it is equal to the total assets minus the liabilities.The equity of the owner is a residual claim because the claims of the creditors legally come first . İf you are the owner of a business, you are entitled to whatever remains afterthe claims of the creditors are fully satisfied.

Increases In OwnerS Equity: The owner's equity in a business comes from two sources (1) Investment by the owner (2) Farnings from profitable operation of the business

Decreases In Owner's Equity: (1) Whithdrowals of cash or other assets by the owner (2) Losses from unprfitable operation of the business [3]

2.2.Incame Statement.

The revenue and expenses in the incame statement are taken directly from the company's adjustted trial balance.

An incame statement has certain limitations.Remenmber that the amounts shown for depreciation expence are based upon estimates of the usefullives of the company's building and office equipment.Also the incame statementincludes only those events which have been evidenced by business transaction.perhaps during October, Robert Real Estate Company has made contact with many peaple who are right on the verge of buying or salling homes.Good business contacts are an important step toward profitable operations.However ,such contacts are not reflected in the incame statement because their value cannot be measured objectively until actual transactions take place. Despite these limitation the incame statement is of vital importance and indicates that the new business has been profitable during its first month of operation.

Alternative titles for the incame statement include earnings statement,statement of operations ,and profit and loss statement. However ,incame statement is by far the most popular term for this important financial statement . [1]

[3] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

2.2.1.Revenue:

Revenue are the gross increas in stokholders' equıty resulting from business activities entered into for the purpose of earning incame. Genereally ,revenues result from the sale of merchandise, the performance of services the rental of property, and the lending of money.

Revenues usually result in an increas in an asset.They may arise from different sources and are identified by various names depending on the nature of the business.Campus pizza, for instance , has two catagories of sales revenues pizza sales and beverage sales. Other titles for and sources of revenue common to many business are :sales, fees , service ,commissions ,interest, dividends,royalties,and rent.

2.2.2. Expenses:

Expenses are the decreases in stockholders' equıty that result from operating the business . They are the cost of assets consumed or services used in the process of earning revenue. Expenses represent acdtual or expected cash outflows(payment).Like revenues, expenses take manyforms and are identified by various names depending on the type of assets consumed or service used .For example;Campus pizza recognizes the following types of expenses cost of ingredients(meat,flour,cheese,tomoto paste,mushrooms,etc.)telephoneexpence;delivery expence(gasoline,repairs,licenses,etc.) supplies expence(napkins,detergants,aprons,etc.) rent expence;interest expence; and property tax expence. When revenues,a net loss results. [4]

[4] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

2.2.3. Net Incame :

Net income is an increase in qwners' equity resulting from the profitable operation of the business. The oposide of net income a decrease in qwners' equity resulting from unprofitable operation of the business is termed a net loss.

Net income dose not consist of cash or any other specific asset. Rather net income is a computation of the overall of business transactions upon owner's equity.

Net income measures the amount by which the increase in assets in exceeds the decrease. In essence ,net income is one measure of the wealthy created by an entity during the accounting period . By tracking net income from period to priod ,comparing changes in net income to economy-wide and industry avarage, and examining changes in the revenues and expense compenents of net income , investors and other decisionsmakers can evaluate the succes of the period operations.[5]

2.3. Statement Of Stockholders Equity

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders ' equity accounts. This expanded statement, called a statement of stockholders' equity.

The top line of this statement shows the beginning balance in each stockholders' equity account. All of the transactions affecting these accounts during the year then are listed in summary form along with the related changes in the balances of specific stockholders' equity

---

[5] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

accounts. The bottom line of the statement shows the ending balance in each stockholders' equity account and should agree with the amounts shown in the year-end balance sheet.

A statement of stockholders' equity is not a required financial statement . However ,it is widely used as a substitute for the statement of retained earnings because it is presents a more complete description of the transaction affecting stockholders' equity. [6]

2.4.Statement of Cash Flow:

Shows how a company's operating, investing and financing activities have affected cash during an accounting period. It explains the net increase (or decrease) in cash during the accounting period . For purposes of preparing this statement, cash is defined to include both cash and cash equivalents .Cash equivalents are defined to the FASB as shortterm,highly liquid investment, including money market accounts ,commercial paper and U.S. Treasury bills.

The statement of Cash flow is designed to fulfill the following purposes.

1- To predict future cash flows: In many cases past receipts and payment are a reasonably good predictor of future cash receipts and payments.

2- To evaluate management decision : The statement of cash flows reports the company investment in plant assets and thus gives investors, and creditors cash-flow information for evaluating managers' decision.

3- To determine the company' ability to pay dividends to stockholders and interest and principal to creditors: It helps them predict whether the business can make these payments.

---

[6] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

4- To show the relationship of net income to changes in the business' cash

2.4.1. Operating Activities :

Include the cash effects of transaction and other events that enter into the determination of net income. Included in this category as cash inflows are cash receipts from customers for goods and services interest and dividends receipt on loans and investments, and sales of trading securities. Included as cash outflows are cash payments for wages, and services ,expenses ,interest taxes and purchases of trading securities. In effect the income statement is changed from an accrual to a cash basis.

2.4.2 Investing Activities :

Include the acquiring and selling of long-term assets, the acquiring and selling of marketable securities other than trading securities or cash equivalents and the making and collecting of loans. Cash inflows include the cash received from selling long-term assets and marketable securities and from collecting loans. Cash outflows include the cash expended for purchases of long-term assets and marketable securities and the cash loaned to borrowers .

2.4.3. Financing Activities :

Include obtaining resources from or returning resources to owners and providing them with a return on their investment, and obtaining resources from creditors and repaying the amounts borrowed or otherwise settling the obligations. Cash inflows include the proceeds from issues of stocks and from short-term and long-term borrowing. Cash outflows include the repayments of loans and payments to owners , including cash dividends. Treasury stock transactions are also considered financing activities. Repayments of accounts payable or

accrued liabilities are not considered repayments of loans under financing activities, but are classified as cash outflows under operating activities.[7]

[7] Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

I I I. RESEARCH METHODOLOGY

3.1.Tools Of Analysis

3.1.1. Dollar And Percentage Changes :

The dollar amount of change from years to tear is significant, but expressing the change in percentage terms adds perspective .For example,if sales this year have increased by $100,000 ,the fact that this is an increase of 10% over last year's sales of $1 million puts it in a different persperctive than if it represented a 1% increase over sales of $ 10 million for the prior year.

The dollar amountof any change is the difference between the amount for a comparison year and for a base year. The percentage change is computed by dividing the amount of the change between years by the amount for the base year.

3.1.2. Trend Percentages (Horzintal Analysis):

The changes in financial statement items from a base year to following years are often expressed as trend percentages to show the extent and direction of change.Two steps are necessary to compute trend percentages.First a base year is se3lected and each item in the finansial statements for the base year is given a weight of 100 % .The second step is to express each item in the financial statements for following years as a percentage of its base-year amount.This computation consists of dividing an item such as Sales in the years after the base year by the amount of sales in the base year.

3.1.3. Component Percentages (Vertical Analysis) :

Component percentages indicate the relative size of each item included in a total .For example ,each item on a balance sheet could be expressed as ersentage of total assets . This shows quickly the relative importance of current and noncurrent assets as well as the relative amount of financing obtained from current creditors , long –term creditors , and stokholders. By computing compenent percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

3.1.4. Ratio Analysis :

A ratio is a simple mathermatical expression of the relationship of one item to another. Every percentage may be vieved as a ratio – that is , one number expressed as a percentage of anather.

Ratios may be stated in several ways. To illustrate ,let us consider the current ratio ,which expresses the relationship between current assets and current liabilities .If current assats are $100,000 and current liabilities are $ 50,000 we may say either t6hat the current ratio is 2 to 1 (which is written as 2:1) or that curremt assets are 200 % of current liabilities. Either statement correctly summerizes the relationship- that is ,that current assets are twice as large as current liabilities.

If a ratio is to be useful ,the two amounts being compared must be logically related. Our interpratation of ratio often requires investigation of the underlying data . [8]

---

[8] Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

3.1.4.1. Liquidity Ratio :Liquidity ratios measure the firm's ability to fullfill short term commitments out of its liquid assets. Assets are '' liquid '' if they are either cash or relatively easy to convert into cash. Short_term creditors are generally very interested in the liquidity ratio . The current ratio and the quick ratio are the most commonly used liquidity ratio.

Current Ratio :

The current artio equals assets divided by current liabilities. Current assets are viewed as relatively liquid , which means they can generate cash in a relatively short time period. Current liabilities are debts that will come due within a year. If the current ratio is too low, the firm may have diffeculty in meeting short-run commitments as they mature.If the ratio is too high , firm may have an excessive investment in current assets or be underutilizing short-term credit.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Oic Ratio or Acid Test Ratio :

The quik ,or acid test, ratio measures the firm`s ability to meetshort-term obligations from its most liquid assets . IN this case ,inventory is not inculuded whit ather current assets quik ratio equals current assets ,exculuding inventory, divided by current liabilities. That is ,

$$\text{Quick Ratio}: \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$$

Working Capital: Working Capital is a measurement often used to express the relationship between current assets and current liabilities.Working capital is computed as follows

Working Capital= Current assets _Current Liabilities

Receivables Turnover Rate : Thre accounts receivable turnover rate indicates how quicly a company converts its accounts receivable into cash.The account receivable turnover rate is determined by:

$$\text{Receivables Turnover Rate} = \frac{\text{Net Sales}}{\text{Avarage Account Receivable}}$$

Days to Collects Avarage Accounts Receivables: Provides a raugh approximation of the avarage time that it takes to collect receivables. Days to collect avarage accounts receivable is computed as follows;

$$\text{Days to Collect Avarage Accounts Receivables} = \frac{365}{\text{Receivables Turnover Ratıo}}$$

Operating Cycle : Indicates in days how quickly inventory converts into cash.

Operating Cycle = Days to sell ınventory +Days to Collect receivables

3.1.4.2. Leverage ratios :

Leverage ratio measure the extent of the firm`s total debt burden. They reflect the company`s ability to meet its short- and long term debt obligations. The ratio are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity items from the balance sheet. Leverage ratio are important to creditors , since they indicate whether or not the firm`s revenues can support interest and other othet fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates. Shareholders, too, are concerned with greater debt.

Debt to Total Assets Ratio :

This ratio equals total debt divided by total assets. The debt to total assets ratio is also called the the debt ratio. Generally creditors prefer a low debt ratio since it implies a greater protection of a higher interest rate on its borrowing : beyond some point the firm will not be able to borrow at all.

$$\text{Debt to total assets ratio} :\frac{\text{Total debt}}{\text{Total assets}}$$

Debt to Equity Ratio :

This ratio equals the firm`sdebt divided by its equity ,where debt can be defined as total debt or as long-term debt.We will use long term debt since it is so frequently employed ,and because it provides added information not provided by the debt ratio discussed above.

$$\text{Debt – equity ratio :} \frac{\text{Long-term debt}}{\text{Stockholders` equity}}$$

Times Interest Earned Ratio :

The times interest earned ratio equals earnings before interest and taxes divided by interest. EBIT can be computed by simply adding intrest expence to income before taxes the times interest earned ratio equals net income before taxes plus interest expense all divided by interest expense;

$$\text{Times interest earned ratio:} \frac{\text{EBIT}}{\text{Interest expense}}$$

Fixed –charges coverage ratio :

The fixed-charges coverage ratio equals income available to meet fixed changes divided by fixed charges. Fixed charges include all fixed dollar outlays , including debt interest,sinking fund contributions ,and lease payments. A fixed charge is a cash outflow that the firm cannot avoid without violating its contractual agreements. The firm periodically deposits money in a sinking fund that the fund was set up.

$$\text{Fixed-charges coverage ratio :} \frac{\text{Income available for meeting fixed charges}}{\text{Fixed charges}}$$

3.1.4.3.Activity Ratio :

Activity ratio show the intensity with which the firm uses its assets in generating sales. These ratios indicate whether the firm`s investment in current and long-term assets are too small or too large. If investment is toolarge ,it could be that funds tied up in that assets should be used for more productive purposes . for example: the firm may have unused plant capasity that it could sell and then use the proceeds in some profitable way .If investment is too smoll, the firm may be providing poor service to customers or inefficiently producing its product.

Inventory Turnover :

Inventory equals cost of goods sold divided by avarage inventory.Therefore ,both balance sheet and income statement data must be used .Inventory may have changed significantly during a given year, and it is particularly important here to use a yearly average rather than the year-and inventory amount.

$$\text{Inventory Turnover} = \frac{\text{Cost of gold sold}}{\text{Avarage inventory}}$$

Avarage Collection Period :

The avarage collection period is a measure of how long it takes from the time the sale is made to the time the cash is collected from the customer. To conpute this figure the avarage credit sales Per day is determined by dividing the year`s credit sales by 360 . The avarage credit sales Per day is then divided into year-end accounts receivable or into avarage accounts

receivable for the year. Assume for simplicity that the level of accounts receivable has not varied significantly during the year and that year-end and avarege accounts receivable are therefor about the same .

$$\text{Avarage credit sales Per day} : \frac{\text{Annual credit sales}}{\text{360 days}}$$

$$\text{Avarage collection period} : \frac{\text{Accounts receivable}}{\text{Avarage credit sales Per day}}$$

Fixed –assets turnover:

This ratio is computed by dividing net sales by fixed assets (net plant and equipment) and equals. This ratio indicates how intensively the fixed assets of firm are being used. An inadequately low ratio implies excessive investment in plant and equipment relative to the value of the output being produced. In such a case the firm might be better off to liquidate same of those fixed assets and invest the proceeds productively (or to pay off its debt, or to distribute the proceeds as dividends.

$$\text{Fixed –assets turnover} : \frac{\text{sales}}{\text{Fixed assets}}$$

Total –Assets Turnover :

Total assets turnover equals sales divided by total assets ;therefore

$$\text{Total assets turnover :} \frac{\text{Sales}}{\text{Total assets}}$$

Total assets turnover reflects how well the company`s assets are being used to generate sales .

Operating İncome : This measures the profitability of a company2s basic business activities and computed as follows;

Net Income =Gross Profit _Operating Expenses

Net Income As A Percentage of Net Sales: An indicator of management2s ability to control cost.Net ıncomes as a percentage of net sales are computed as follows;

$$\text{Net Income As a Percentage Of Net Sales} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Return On Assets : A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

3.1.4.4. Profitability Ratio :

Profitability ratio measure the success of the firm in earning a net return on sales or sales or on investment. Since profit is the ultimate objective of the firm , poor performance here indicates a basic failure that, if not corrected ,would probably result in the firm`s going out of business.

Gross Margin:

The gross profit margin is gross profit (sales minus cost of goods sold) divided by sales. Thus for Macro,

$$\text{Gros Profit Margin} : \frac{\text{Sales} - \text{cost of goods sold}}{\text{Sales}}$$

The gross margin reflects the effectiveness of pricing policy and of production efficiency (that is ,how well the puchase or production cost of goods is controlled) .Of course ,if the gross margin is increased by raising the price of the firm`s product ,the product may become

uncompetitive producing a falloff in sales . Therefore a company may find it advantageous to lower the price ,and therefore lower the gross profit margin , if it increases sales so much as to increase total profits.

Net Operating Margin :

The net operating margin equals net sales minus the sum of cost of goods sold and operating expenses ,all divided by net sales .That is ,

$$\text{Net operating margin} : \frac{\text{Operating income}}{\text{Sales}}$$

The net operating margin indicates the profitability of sales before taxe and interest expense. Nonoperating revenues are not included in the returns ,and nonoperating expenses are not deducted. Nonoperating income and expense items are those not directly associated with the production or sale of the firm`s product (not that interest expense is a financing the effectiveness of production cost. ) The purpose of this ratio is to measure the effectiveness of production and sales of the company`s product in generating pretax income for the firm .For any given level of sales ,the higher the net operating margin the better.

Profit margin on sales :

This ratio equals net income divided by sales. By itself ,profit margin on sales provides little useful information since it mixes the effectiveness of sales in producing profits (reflected by

the net operating margin)with the effects of the method of financing on profits (since net income is after deduction of debt and of taxes which are affected by interest)

$$\text{Profit margin on sales} : \frac{\text{Net income}}{\text{Sales}}$$

Return on Total Assets :

This ratio equals net income plus interest on debt divided by total assets .return on total assets is the total after- corporate- tax return to stockholders and lenders on the total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors, including lenders.

A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

Return on Equity :

This ratio equals the net income available to common stokholders (i.e.., net income minus dividends on any preferred stock) divided by the common stokholders equity.

$$\text{Retun on equity} : \frac{\text{Net income to common stokholders}}{\text{Common stokholders equity}}$$

NEAR EAST UNIVERSITY

THE FACULTY OF ECONOMICS
&
AND ADMINSTRATIVE SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATIVE

GRADUATION PROJECT

Comperative Financial Statement Analysis of BANVIT and PINAR

Submitted by

MUSTAFA ONUR AYDIN

Submitted to

MEHMET AĞA

Nicosia- Sept. 3th 2003

ABSRACT

Financial statement analysis is a tool that helps the analysis's and investors to make decision by using useful information . And also it helps the investors to understand the key trends and relationship which gives clear understanding of all the financial activities. With the help of classified financial statement analysis certain types of financial activities are recorded and placed together in a group from which in turns help the users to develop useful subtotals and indicators. Whereas comparative financial statements give summary of several years activities so that investors can easily compare the changing trends.

My aim in project is to analyses financial statement of Banvit for last five years and compare the current performance with past performance of Banvit .And also to compare the current position of Banvit with only competitor Pınar. Banvit is one of the top fifty companies in I.M.K.B when we make these analyze we take on help from financial books, accounting books, İstanbul Stok Exchange market companies books. And also we will use İstanbul Stok Exchange Market's web site that is www.ise.gov.tr

TABLE OF CONTENT

INTRODUCTION

In today's economy, incestment capital is always on the move. Through organized capital markets such as the Istanbul Stok Exchang, investors each day shift billions of investment Turkish Liras among different companies, industries and nations. Capital flows to those areas in which investors expect to earn the greaest returns with the least risk.How do investors forecast risk and potantial returns? By analyzing accounting information for a specific company in the context of it!s unique industry setting . The goal of accounting is to provide economics decision makers with useful information .The financial statements generated through the accounting process are designed to assist users in identifying key relationships and trends .The finansial statements of most publicly owned companies are classified and are presented in comperative form .Often , the word 'consolidated 'appears iin the headings of the statement. Users of finansial statements should have a clear understanding of these terms .[1]

Most business organisations prepare classified finansial statements, meaning that items with certain characteristics are placed togedher in a group ,or classification . the purpose of these classification is to develop useful subtotals that will assist users of the statements in their analyses .In comparative finansial statements ,the finansial statement amountsfor several years appear side by side in vertical columns .This assists investors in identifying and evaluating significant changes and trends.

This project focuses on financial statement analysis ,which means using financial statement data to assess a company. Sources of information about companies , the objectives of financial statement analysis, and methods for evaluating financial stetements are covered.The majority of the project deals with ratios and how to understand the financial statements as

[1] Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

prepared under GAAP. Disclosure practices have evolved with the specific purpose of providing information is collected , aggregated ,and disclosed.We have frequantly provided ratios and other tools of analsis and have demonstrated how the informationmight aid in making decisions . In this project we integrete prior material and discuss additional tools for analysing and evaluating the company's financial position.[2]

I have conducted the analisis of Banvit and Pınar in five stages

First part includes the background of Banvit and Pınar ,its historıcal development from foundation up to now.

Some scientific definitions and different approaches from various sources about the financial statements are available in the second part. The definitions and explanations abouth the functions and necessity of Balance sheet, Income Statement and Stockholders Equity and Statement of Cash Flow are also included.

The third part introduces some very important tools of analising finansial position of a company. Such tools like dollar and percentage Changes, Trend Percentages (Horizantal Analisis),Component Percentages (Vertical Analysis)and Ratio Analysis ,give us details abouth the financial strengths and structure of a company.

The fourt part includes the application previously mentioned Compenent Percentages (Vertical Analisis9, Trend Percentages (Horzintal Analisis), Dollar and Percentage changes and Ratios to the Banvit and Pınar companys under the light of last five years reports. This

[2] Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

part enables us to understand the past performance and present financial structure of Banvit and Pınar.

In the fifth part limitation of the project will be explained.

At the end conclusion and recommandation will be provided to the users of financial statements.

1. HISTORICAL BACKGROUND OF BANVİT AND PINAR

1.1.Historical Background of PINAR

Türkiye was introduced with Pınar Dairy, the giant production facility of the Middle East in1975 and so far almost each year She enlarged her reign with the introduction of new sources that Pınar has introduced. A whole generation, grown with Pınar is pointing out to many others who will also grow healthy with Pınar.

From meat to milk, from frozen products to fish and from animal feed to feed-lots, institutionalized with an integrated approach, today Pınar rapidly carries on her efforts to be a worldwide trademark, renowned from pole to pole.

Pınar Meat is the first integrated meat processing plants of Turkey conforming Turkish international and AE standards. Since starting operation in 1985, Pınar Meat has always aimed to contribute to Turkish animal farming sector and offer healthy, reliable, delicious meat and meat products to the consumers using all possible advanced technology.

Holding a leading position in the market with 25 % share in processed meat and 83 % in frozen products fields, Pınar Meat is the pioneer of Turkish meat sector with a turnover of 180 million USD and export revenues of 919.000 USD.

Staring turkey production in 1997 after investing 23 million US dollars in this field, Pınar Meat has brought a new dimension to Turkish Meat Sector with Pınar Turkey Processing

facilities. Pınar Meat has signed under another first in Turkey by presenting an irresistible taste to Turkish cuisine adopting the motto "The Taste of red and the health of white meat."

Pınar Meat has contracted breeders for turkey farming thereby creating new employment and job opportunities for the region.

Holding ISO 9001 quality system certificate and carrying out production in strict conformity with the quality and hygiene guidelines since its foundation,
Pınar Meat, is proud to provide trained and informed labor force to the sector through studies of Apprenticeship Centers.

Having produced high quality, tasty and reliable food and beverage to Turkish people's taste for 23 years in its modern facilities using the latest technologies

1.1. Historical Background Of BANVİT

Banvit was established in 1968 by Sıtkı KOÇMAN, Selahattin GÖKTUĞ, Vural GÖRENER and Feridun GÖRENER. The first two gentlemen are prominent businessmen in Turkey, and the Göreners are well known in Bandırma business circles. The foundation of today's Banvit was a small feed mill that started production with a capital of 400.000 TL, and the only equipment was a hand-made crushing machine and a mixer.

By the time it had been in feed production for 15 years, Banvit had become the leading producer in the sector. At this time, Banvit started to look for new investment fields.

Initially, egg packing and classification plants were established. Then chicken production started coincidentally, as a consequence of a customer providing a poultry house for 15 years in exchange for his debt.

Breeder chicks were raised in this 1500 m2 poultry house, but the operation was not a success. Broiler chicken was then reared in the same poultry house, resulting in a good profit. From this, it was realized that specialization in broiler production was necessary, but the real profit would be gained from the processing business. Consequently, the first automatic processing plant was established in spring 1985. Soon production was more than could be consumed around Bandırma, so it was decided to create an effective sales network. The first branch was opened in Bursa, in May 1985. Then Balıkesir, İstanbul and Edirne followed, resulting in a broad sales organization capable of distribution around various regions of the country.

Banvit's target since its foundation was to establish full vertical integration. The company started breeder egg production in 1986 after opening its chicken processing plant in 1985. With the addition of its own hatchery in 1988, the company completed all links of the vertical

integration process. In 1992 Banvit floated 15% of its shares on the Istanbul Stock Exchange and increased its production capacity by moving to its new modern processing plant in the same year.

Banvit's original vision was being a leading chicken meat producer. With the internal re-structuring projects, which were started in 1996, this original vision evolved into becoming a leading food company and new investments were initiated for this purpose. After the establishment of Banvit Romania, construction of a further processing plant was begun, and that plant started production in May 2001.

Additionally and in line with the new vision, in 2000 the Tadpi Plant located in İzmir was purchased. The plant was redesigned and fitted for processing turkey, various poultry and game. Turkey production started there in May

II. FINANCIAL STATEMENTS

2.1.Balance sheet

The purpose of a balance sheet is to showe the financial position of a business at a particular date . Every business prepares a balance sheet at the end of the year, and most companies prepare one at teh and of each of month .A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity.

2.1.1.Asset

Assets are economic resources which are owned by a business and are expected to benefit future operation .assets may have definite physical form such as building ,machinery ,or merchandise .On the other hand, some assets exsist not in phsical or tangible form ,but in the form of valuable legal claims or rights; examples are amounts due from customers, investments in government bonds ,and patent rights.

One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present, genereally accepted accounting principles call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.The specific accounting principles supporting cost as the basis for assets valuation are discussed below.

2.1.2.Liabilities.

Liabilities are depts . all business concerns have liabilities ; even the largest and most succesful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liabilitity arising from the purchase of goods or services on credit is called an account payable ,and the person or company to whom the account payable is owed is called a creditor.

A business concern frequently finds it desirable to borrow money as ameans of suplementing the funds inveswted by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example,be used to buy merchandise which can be sold at a profitto the firm's custemers.Or the borrowed money might be used to buy new and more eficent machinery,thus enabling the company to turn out a larger volume of products at the lower cost.When a business borrows money for any reason,a liability is incured and the lender becomes a creditor of the business.The form of the liability when money is borrowed is usually a note payable ,a formal written promise to pay a certain amount of money ,plus interest at a definete future time.

An account payable , as contrasted whit a not payable , dose not involve the issuance of formal written promise to the creditor, and it dose not call for payment of interest .

2.1.3.Owner's Equity:

The owner's equity in a business reprecents the resources investedby the owner; it is equal to the total assets minus the liabilities.The equity of the owner is a residual claim because the claims of the creditors legally come first . İf you are the owner of a business, you are entitled to whatever remains afterthe claims of the creditors are fully satisfied.

Increases In OwnerS Equity: The owner's equity in a business comes from two sources (1) Investment by the owner (2) Farnings from profitable operation of the business

Decreases In Owner's Equity: (1) Whithdrowals of cash or other assets by the owner (2) Losses from unprfitable operation of the business [3]

2.2.Incame Statement.

The revenue and expenses in the incame statement are taken directly from the company's adjustted trial balance.

An incame statement has certain limitations.Remenmber that the amounts shown for depreciation expence are based upon estimates of the usefullives of the company's building and office equipment.Also the incame statementincludes only those events which have been evidenced by business transaction.perhaps during October, Robert Real Estate Company has made contact with many peaple who are right on the verge of buying or salling homes.Good business contacts are an important step toward profitable operations.However ,such contacts are not reflected in the incame statement because their value cannot be measured objectively until actual transactions take place. Despite these limitation the incame statement is of vital importance and indicates that the new business has been profitable during its first month of operation.

Alternative titles for the incame statement include earnings statement,statement of operations ,and profit and loss statement. However ,incame statement is by far the most popular term for this important financial statement . [1]

[3] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

2.2.1.Revenue:

Revenue are the gross increas in stokholders' equıty resulting from business activities entered into for the purpose of earning incame. Genereally ,revenues result from the sale of merchandise, the performance of services the rental of property, and the lending of money.

Revenues usually result in an increas in an asset.They may arise from different sources and are identified by various names depending on the nature of the business.Campus pizza, for instance , has two catagories of sales revenues pizza sales and beverage sales. Other titles for and sources of revenue common to many business are :sales, fees , service ,commissions ,interest, dividends,royalties,and rent.

2.2.2. Expenses:

Expenses are the decreases in stockholders' equıty that result from operating the business . They are the cost of assets consumed or services used in the process of earning revenue. Expenses represent acdtual or expected cash outflows(payment).Like revenues, expenses take manyforms and are identified by various names depending on the type of assets consumed or service used .For example;Campus pizza recognizes the following types of expenses cost of ingredients(meat,flour,cheese,tomoto paste,mushrooms,etc.)telephoneexpence;delivery expence(gasoline,repairs,licenses,etc.) supplies expence(napkins,detergants,aprons,etc.) rent expence;interest expence; and property tax expence. When revenues,a net loss results. [4]

[4] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

2.2.3. Net Incame :

Net income is an increase in qwners' equity resulting from the profitable operation of the business. The oposide of net income a decrease in qwners' equity resulting from unprofitable operation of the business is termed a net loss.

Net income dose not consist of cash or any other specific asset. Rather net income is a computation of the overall of business transactions upon owner's equity.

Net income measures the amount by which the increase in assets in exceeds the decrease. In essence ,net income is one measure of the wealthy created by an entity during the accounting period . By tracking net income from period to priod ,comparing changes in net income to economy-wide and industry avarage, and examining changes in the revenues and expense compenents of net income , investors and other decisionsmakers can evaluate the succes of the period operations.[5]

2.3. Statement Of Stockholders Equity

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders ' equity accounts. This expanded statement, called a statement of stockholders' equity.

The top line of this statement shows the beginning balance in each stockholders' equity account. All of the transactions affecting these accounts during the year then are listed in summary form along with the related changes in the balances of specific stockholders' equity

[5] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

accounts. The bottom line of the statement shows the ending balance in each stockholders' equity account and should agree with the amounts shown in the year-end balance sheet.

A statement of stockholders' equity is not a required financial statement . However ,it is widely used as a substitute for the statement of retained earnings because it is presents a more complete description of the transaction affecting stockholders' equity. [6]

2.4.Statement of Cash Flow:

Shows how a company's operating, investing and financing activities have affected cash during an accounting period. It explains the net increase (or decrease) in cash during the accounting period . For purposes of preparing this statement, cash is defined to include both cash and cash equivalents .Cash equivalents are defined to the FASB as shortterm,highly liquid investment, including money market accounts ,commercial paper and U.S. Treasury bills.

The statement of Cash flow is designed to fulfill the following purposes.

1- To predict future cash flows: In many cases past receipts and payment are a reasonably good predictor of future cash receipts and payments.

2- To evaluate management decision : The statement of cash flows reports the company investment in plant assets and thus gives investors, and creditors cash-flow information for evaluating managers' decision.

3- To determine the company' ability to pay dividends to stockholders and interest and principal to creditors: It helps them predict whether the business can make these payments.

---

[6] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

4- To show the relationship of net income to changes in the business' cash

2.4.1. Operating Activities :

Include the cash effects of transaction and other events that enter into the determination of net income. Included in this category as cash inflows are cash receipts from customers for goods and services interest and dividends receipt on loans and investments, and sales of trading securities. Included as cash outflows are cash payments for wages, and services ,expenses ,interest taxes and purchases of trading securities. In effect the income statement is changed from an accrual to a cash basis.

2.4.2 Investing Activities :

Include the acquiring and selling of long-term assets, the acquiring and selling of marketable securities other than trading securities or cash equivalents and the making and collecting of loans. Cash inflows include the cash received from selling long-term assets and marketable securities and from collecting loans. Cash outflows include the cash expended for purchases of long-term assets and marketable securities and the cash loaned to borrowers .

2.4.3. Financing Activities :

Include obtaining resources from or returning resources to owners and providing them with a return on their investment, and obtaining resources from creditors and repaying the amounts borrowed or otherwise settling the obligations. Cash inflows include the proceeds from issues of stocks and from short-term and long-term borrowing. Cash outflows include the repayments of loans and payments to owners , including cash dividends. Treasury stock transactions are also considered financing activities. Repayments of accounts payable or

accrued liabilities are not considered repayments of loans under financing activities, but are classified as cash outflows under operating activities.[7]

---

[7] Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

I I I. RESEARCH METHODOLOGY

3.1.Tools Of Analysis

3.1.1. Dollar And Percentage Changes :

The dollar amount of change from years to tear is significant, but expressing the change in percentage terms adds perspective .For example,if sales this year have increased by $100,000 ,the fact that this is an increase of 10% over last year's sales of $1 million puts it in a different persperctive than if it represented a 1% increase over sales of $ 10 million for the prior year.

The dollar amountof any change is the difference between the amount for a comparison year and for a base year. The percentage change is computed by dividing the amount of the change between years by the amount for the base year.

3.1.2. Trend Percentages (Horzintal Analysis):

The changes in financial statement items from a base year to following years are often expressed as trend percentages to show the extent and direction of change.Two steps are necessary to compute trend percentages.First a base year is se3lected and each item in the finansial statements for the base year is given a weight of 100 % .The second step is to express each item in the financial statements for following years as a percentage of its base-year amount.This computation consists of dividing an item such as Sales in the years after the base year by the amount of sales in the base year.

3.1.3. Component Percentages (Vertical Analysis) :

Component percentages indicate the relative size of each item included in a total .For example ,each item on a balance sheet could be expressed as ersentage of total assets . This shows quickly the relative importance of current and noncurrent assets as well as the relative amount of financing obtained from current creditors , long –term creditors , and stokholders. By computing compenent percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

3.1.4. Ratio Analysis :

A ratio is a simple mathermatical expression of the relationship of one item to another. Every percentage may be vieved as a ratio – that is , one number expressed as a percentage of anather.

Ratios may be stated in several ways. To illustrate ,let us consider the current ratio ,which expresses the relationship between current assets and current liabilities .If current assats are $100,000 and current liabilities are $ 50,000 we may say either t6hat the current ratio is 2 to 1 (which is written as 2:1) or that curremt assets are 200 % of current liabilities. Either statement correctly summerizes the relationship- that is ,that current assets are twice as large as current liabilities.

If a ratio is to be useful ,the two amounts being compared must be logically related. Our interpratation of ratio often requires investigation of the underlying data . [8]

---

[8] Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

3.1.4.1. Liquidity Ratio :Liquidity ratios measure the firm's ability to fullfill short term commitments out of its liquid assets. Assets are '' liquid '' if they are either cash or relatively easy to convert into cash. Short_term creditors are generally very interested in the liquidity ratio . The current ratio and the quick ratio are the most commonly used liquidity ratio.

Current Ratio :

The current artio equals assets divided by current liabilities. Current assets are viewed as relatively liquid , which means they can generate cash in a relatively short time period. Current liabilities are debts that will come due within a year. If the current ratio is too low, the firm may have diffeculty in meeting short-run commitments as they mature.If the ratio is too high , firm may have an excessive investment in current assets or be underutilizing short-term credit.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Oic Ratio or Acid Test Ratio :

The quik ,or acid test, ratio measures the firm`s ability to meetshort-term obligations from its most liquid assets . IN this case ,inventory is not inculuded whit ather current assets quik ratio equals current assets ,exculuding inventory, divided by current liabilities. That is ,

$$\text{Quick Ratio:} \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$$

Working Capital: Working Capital is a measurement often used to express the relationship between current assets and current liabilities.Working capital is computed as follows

Working Capital= Current assets _Current Liabilities

Receivables Turnover Rate : Thre accounts receivable turnover rate indicates how quicly a company converts its accounts receivable into cash.The account receivable turnover rate is determined by:

$$\text{Receivables Turnover Rate} = \frac{\text{Net Sales}}{\text{Avarage Account Receivable}}$$

Days to Collects Avarage Accounts Receivables: Provides a raugh approximation of the avarage time that it takes to collect receivables. Days to collect avarage accounts receivable is computed as follows;

$$\text{Days to Collect Avarage Accounts Receivables} = \frac{365}{\text{Receivables Turnover Ratio}}$$

Operating Cycle : Indicates in days how quickly inventory converts into cash.

Operating Cycle = Days to sell ınventory +Days to Collect receivables

3.1.4.2. Leverage ratios :

Leverage ratio measure the extent of the firm`s total debt burden. They reflect the company`s ability to meet its short- and long term debt obligations. The ratio are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity items from the balance sheet. Leverage ratio are important to creditors , since they indicate whether or not the firm`s revenues can support interest and other othet fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates. Shareholders, too, are concerned with greater debt.

Debt to Total Assets Ratio :

This ratio equals total debt divided by total assets. The debt to total assets ratio is also called the the debt ratio. Generally creditors prefer a low debt ratio since it implies a greater protection of a higher interest rate on its borrowing : beyond some point the firm will not be able to borrow at all.

$$\text{Debt to total assets ratio} : \frac{\text{Total debt}}{\text{Total assets}}$$

Debt to Equity Ratio :

This ratio equals the firm`sdebt divided by its equity ,where debt can be defined as total debt or as long-term debt.We will use long term debt since it is so frequently employed ,and because it provides added information not provided by the debt ratio discussed above.

$$\text{Debt – equity ratio} = \frac{\text{Long-term debt}}{\text{Stockholders` equity}}$$

Times Interest Earned Ratio :

The times interest earned ratio equals earnings before interest and taxes divided by interest. EBIT can be computed by simply adding intrest expence to income before taxes the times interest earned ratio equals net income before taxes plus interest expense all divided by interest expense;

$$\text{Times interest earned ratio} = \frac{\text{EBIT}}{\text{Interest expense}}$$

Fixed –charges coverage ratio :

The fixed-charges coverage ratio equals income available to meet fixed changes divided by fixed charges. Fixed charges include all fixed dollar outlays , including debt interest,sinking fund contributions ,and lease payments. A fixed charge is a cash outflow that the firm cannot avoid without violating its contractual agreements. The firm periodically deposits money in a sinking fund that the fund was set up.

$$\text{Fixed-charges coverage ratio} = \frac{\text{Income available for meeting fixed charges}}{\text{Fixed charges}}$$

3.1.4.3.Activity Ratio :

Activity ratio show the intensity with which the firm uses its assets in generating sales. These ratios indicate whether the firm`s investment in current and long-term assets are too small or too large. If investment is toolarge ,it could be that funds tied up in that assets should be used for more productive purposes . for example: the firm may have unused plant capasity that it could sell and then use the proceeds in some profitable way .If investment is too smoll, the firm may be providing poor service to customers or inefficiently producing its product.

Inventory Turnover :

Inventory equals cost of goods sold divided by avarage inventory.Therefore ,both balance sheet and income statement data must be used .Inventory may have changed significantly during a given year, and it is particularly important here to use a yearly average rather than the year-and inventory amount.

Cost of gold sold

Inventory Turnover: ------------------

Avarage inventory

Avarage Collection Period :

The avarage collection period is a measure of how long it takes from the time the sale is made to the time the cash is collected from the customer. To conpute this figure the avarage credit sales Per day is determined by dividing the year`s credit sales by 360 . The avarage credit sales Per day is then divided into year-end accounts receivable or into avarage accounts

receivable for the year. Assume for simplicity that the level of accounts receivable has not varied significantly during the year and that year-end and avarege accounts receivable are therefor about the same .

$$\text{Avarage credit sales Per day:} \frac{\text{Annual credit sales}}{\text{360 days}}$$

$$\text{Avarage collection period :} \frac{\text{Accounts receivable}}{\text{Avarage credit sales Per day}}$$

Fixed –assets turnover:

This ratio is computed by dividing net sales by fixed assets (net plant and equipment) and equals. This ratio indicates how intensively the fixed assets of firm are being used. An inadequately low ratio implies excessive investment in plant and equipment relative to the value of the output being produced. In such a case the firm might be better off to liquidate same of those fixed assets and invest the proceeds productively (or to pay off its debt, or to distribute the proceeds as dividends.

$$\text{Fixed –assets turnover :} \frac{\text{sales}}{\text{Fixed assets}}$$

Total –Assets Turnover :

Total assets turnover equals sales divided by total assets ;therefore

$$\text{Total assets turnover :} \frac{\text{Sales}}{\text{Total assets}}$$

Total assets turnover reflects how well the company`s assets are being used to generate sales .

Operating İncome : This measures the profitability of a company2s basic business activities and computed as follows;

Net Income =Gross Profit _Operating Expenses

Net Income As A Percentage of Net Sales: An indicator of management2s ability to control cost.Net ıncomes as a percentage of net sales are computed as follows;

$$\text{Net Income As a Percentage Of Net Sales} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Return On Assets : A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

3.1.4.4. Profitability Ratio :

Profitability ratio measure the success of the firm in earning a net return on sales or sales or on investment. Since profit is the ultimate objective of the firm , poor performance here indicates a basic failure that, if not corrected ,would probably result in the firm`s going out of business.

Gross Margin:

The gross profit margin is gross profit (sales minus cost of goods sold) divided by sales. Thus for Macro,

$$\text{Gros Profit Margin} : \frac{\text{Sales} - \text{cost of goods sold}}{\text{Sales}}$$

The gross margin reflects the effectiveness of pricing policy and of production efficiency (that is ,how well the puchase or production cost of goods is controlled) .Of course ,if the gross margin is increased by raising the price of the firm`s product ,the product may become

uncompetitive producing a falloff in sales . Therefore a company may find it advantageous to lower the price ,and therefore lower the gross profit margin , if it increases sales so much as to increase total profits.

Net Operating Margin :

The net operating margin equals net sales minus the sum of cost of goods sold and operating expenses ,all divided by net sales .That is ,

$$\text{Net operating margin} = \frac{\text{Operating income}}{\text{Sales}}$$

The net operating margin indicates the profitability of sales before taxe and interest expense. Nonoperating revenues are not included in the returns ,and nonoperating expenses are not deducted. Nonoperating income and expense items are those not directly associated with the production or sale of the firm`s product (not that interest expense is a financing the effectiveness of production cost. ) The purpose of this ratio is to measure the effectiveness of production and sales of the company`s product in generating pretax income for the firm .For any given level of sales ,the higher the net operating margin the better.

Profit margin on sales :

This ratio equals net income divided by sales. By itself ,profit margin on sales provides little useful information since it mixes the effectiveness of sales in producing profits (reflected by

the net operating margin)with the effects of the method of financing on profits (since net income is after deduction of debt and of taxes which are affected by interest)

$$\text{Profit margin on sales} : \frac{\text{Net income}}{\text{Sales}}$$

Return on Total Assets :

This ratio equals net income plus interest on debt divided by total assets .return on total assets is the total after- corporate- tax return to stockholders and lenders on the total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors, including lenders.

A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

Return on Equity :

This ratio equals the net income available to common stokholders (i.e.., net income minus dividends on any preferred stock) divided by the common stokholders equity.

$$\text{Retun on equity} : \frac{\text{Net income to common stokholders}}{\text{Common stokholders equity}}$$

IV.FINANCIAL STATEMENT ANALSIS OF BANVİT AND PINAR

Starting with this page different tables including income statement of Banvit company reported for the years 1998 , 1999 , 2000 , 2001 ,2002 , are available . Under the liht of these tables ,I will try to make the financial statement analysis of Banvit. This analysis will give us a general information

	1999	%	1998	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

During the year 1999 the net income of teh company dropped from 22.4 to 14.1. This decline can be explained by 10% increase in cost of sales and 3% increase in operation expenses and 6% increase in financial expenses.

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67.0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15.6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

In 2000, the net income continued to declined and it dropped to 1%. As in year 1999, there has been radical inreases in all expenses. Mainly 10% increase in cost of sales, 4% increase in operating expenses and 2% increase in financial expenses.

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

A radical change took place in 2001. Despite the fact that the cost of sales had risen from 77% to 85.3%, yet the net income increased from 15 to 8.4%. One of the main factors in this increase is the decrease in Finnacial expenses. It decreased from 2.4 % to 1.2 %.

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

The cost of sales continued to decrease in 2002. It went down from 85.3% to 77.2. Althoughthere has been a decrease in cost of sales, net income has descreased as well. This fall in net income level can be explained by the 0.3% increase in finnacial expense.

Banvit trent persentages

	1998	1999	2000	2001	2002
Net Sales	**29,042,360**	**52,028,168**	**81,128,351**	**132,009,160**	**184,831,143**
C.O.G .S	**17,170,788**	**36,021,396**	**64,727,305**	**117,894,391**	**149,472,661**
Gross Profit	**11,871,573**	**16,006,772**	**16,401,046**	**14,114,769**	**35,358,482**
	1998	**1999**	**2000**	**2001**	**2002**
Net Sales	**% 100**	**% 133,3**	**% 279,3**	**% 454,5**	**% 636,4**
C.O.G .S	**% 100**	**% 209,8**	**% 376,9**	**% 686,5**	**% 870,5**
Gross Profit	**%100**	**% 134,8**	**% 138,1**	**% 118,8**	**% 297,8**

According to the trend percentages, there has been an increase in both net sales and cost of goods sold between the years 1998 and 2002. Unfortunately, we can not say the same for the gross profit. There had been a decrease in gross profit in 2001.

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	**81,028,351**	**52,028,168**	**29,042,360**	**29,100,183**	**0,55**	**22,985,808**	**0,79**
Net Income	**904,490**	**7,629,245**	**6,585,670**	**-6,724,755**	**0,88**	**1,043,575**	**0,158**

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	**184,831,143**	**132,009,160**	**81,128,351**	**52,821,983**	**0,40**	**50,880,809**	**0,627**
Net Income	**3,295,219**	**10,852,033**	**904,490**	**-7,556,814**	**- 0,49**	**9,947,543**	**0,1099**

According to dollar and percentage changes, Net Sales had fallen during the period between 1998 and 2000 and this was followed by a steady increase in 2002.Unfortunately the company could not keep up the increase and there had been a decrease in year 2002.

Ratio Analysis.

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

According to general believes in business world professionals of financial anaysis the quick ratio should be at least 1 to1 the firm performs quick ratio which is good between 1998-2000. but the firms start to tecline 1,0by the year 2001. all ratios that are under 1,0 shows the company is weak in short- term debt paying ağabeylity

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

Debt ratio shows what proportion of total assets is convert by debts, so high rate means high debts. The lower rate is more useful. The firm reports show increasing trend ratio in that ratio until 2001 but in 2002 the ratio starts to decrease by 0.644. This means that the lower ratio is more preferable.

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7.915	9.235	9.450	7.634

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily

increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

Days to sell average inventory describes in how many days the company sell its inventory and convert them into cash or A/R we see that the company managers to sell its inventory and convert them into cash or account receviables more longer than past years.

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	-17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

When we analyze the company reports we observe that the company achives between, %0.20 and %0.40 but the rate increase from 0.10 by to 0.1913 between 2001 and 2002.

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equity	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

NEAR EAST UNIVERSITY

THE FACULTY OF ECONOMICS
&
AND ADMINSTRATIVE SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATIVE

GRADUATION PROJECT

Comperative Financial Statement Analysis of BANVIT and PINAR

Submitted by

MUSTAFA ONUR AYDIN

Submitted to

MEHMET AĞA

Nicosia- Sept. 3th 2003

ABSRACT

Financial statement analysis is a tool that helps the analysis's and investors to make decision by using useful information . And also it helps the investors to understand the key trends and relationship which gives clear understanding of all the financial activities. With the help of classified financial statement analysis certain types of financial activities are recorded and placed together in a group from which in turns help the users to develop useful subtotals and indicators. Whereas comparative financial statements give summary of several years activities so that investors can easily compare the changing trends.

My aim in project is to analyses financial statement of Banvit for last five years and compare the current performance with past performance of Banvit .And also to compare the current position of Banvit with only competitor Pınar. Banvit is one of the top fifty companies in I.M.K.B when we make these analyze we take on help from financial books, accounting books, İstanbul Stok Exchange market companies books. And also we will use İstanbul Stok Exchange Market's web site that is www.ise.gov.tr

TABLE OF CONTENT

INTRODUCTION

In today's economy, incestment capital is always on the move. Through organized capital markets such as the Istanbul Stok Exchang, investors each day shift billions of investment Turkish Liras among different companies, industries and nations. Capital flows to those areas in which investors expect to earn the greaest returns with the least risk.How do investors forecast risk and potantial returns? By analyzing accounting information for a specific company in the context of it!s unique industry setting . The goal of accounting is to provide economics decision makers with useful information .The financial statements generated through the accounting process are designed to assist users in identifying key relationships and trends .The finansial statements of most publicly owned companies are classified and are presented in comperative form .Often , the word 'consolidated 'appears iin the headings of the statement. Users of finansial statements should have a clear understanding of these terms .[1]

Most business organisations prepare classified finansial statements, meaning that items with certain characteristics are placed togedher in a group ,or classification . the purpose of these classification is to develop useful subtotals that will assist users of the statements in their analyses .In comparative finansial statements ,the finansial statement amountsfor several years appear side by side in vertical columns .This assists investors in identifying and evaluating significant changes and trends.

This project focuses on financial statement analysis ,which means using financial statement data to assess a company. Sources of information about companies , the objectives of financial statement analysis, and methods for evaluating financial stetements are covered.The majority of the project deals with ratios and how to understand the financial statements as

[1] Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

prepared under GAAP. Disclosure practices have evolved with the specific purpose of providing information is collected , aggregated ,and disclosed.We have frequantly provided ratios and other tools of analsis and have demonstrated how the informationmight aid in making decisions . In this project we integrete prior material and discuss additional tools for analysing and evaluating the company's financial position.[2]

I have conducted the analisis of Banvit and Pınar in five stages

First part includes the background of Banvit and Pınar ,its historıcal development from foundation up to now.

Some scientific definitions and different approaches from various sources about the financial statements are available in the second part. The definitions and explanations abouth the functions and necessity of Balance sheet, Income Statement and Stockholders Equity and Statement of Cash Flow are also included.

The third part introduces some very important tools of analising finansial position of a company. Such tools like dollar and percentage Changes, Trend Percentages (Horizantal Analisis),Component Percentages (Vertical Analysis)and Ratio Analysis ,give us details abouth the financial strengths and structure of a company.

The fourt part includes the application previously mentioned Compenent Percentages (Vertical Analisis9, Trend Percentages (Horzintal Analisis), Dollar and Percentage changes and Ratios to the Banvit and Pınar companys under the light of last five years reports. This

[2] Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

part enables us to understand the past performance and present financial structure of Banvit and Pınar.

In the fifth part limitation of the project will be explained.

At the end conclusion and recommandation will be provided to the users of financial statements.

1. HISTORICAL BACKGROUND OF BANVİT AND PINAR

1.1.Historical Background of PINAR

Türkiye was introduced with Pınar Dairy, the giant production facility of the Middle East in1975 and so far almost each year She enlarged her reign with the introduction of new sources that Pınar has introduced. A whole generation, grown with Pınar is pointing out to many others who will also grow healthy with Pınar.

From meat to milk, from frozen products to fish and from animal feed to feed-lots, institutionalized with an integrated approach, today Pınar rapidly carries on her efforts to be a worldwide trademark, renowned from pole to pole.

Pınar Meat is the first integrated meat processing plants of Turkey conforming Turkish international and AE standards. Since starting operation in 1985, Pınar Meat has always aimed to contribute to Turkish animal farming sector and offer healthy, reliable, delicious meat and meat products to the consumers using all possible advanced technology.

Holding a leading position in the market with 25 % share in processed meat and 83 % in frozen products fields, Pınar Meat is the pioneer of Turkish meat sector with a turnover of 180 million USD and export revenues of 919.000 USD.

Staring turkey production in 1997 after investing 23 million US dollars in this field, Pınar Meat has brought a new dimension to Turkish Meat Sector with Pınar Turkey Processing

facilities. Pınar Meat has signed under another first in Turkey by presenting an irresistible taste to Turkish cuisine adopting the motto "The Taste of red and the health of white meat."

Pınar Meat has contracted breeders for turkey farming thereby creating new employment and job opportunities for the region.

Holding ISO 9001 quality system certificate and carrying out production in strict conformity with the quality and hygiene guidelines since its foundation,
Pınar Meat, is proud to provide trained and informed labor force to the sector through studies of Apprenticeship Centers.

Having produced high quality, tasty and reliable food and beverage to Turkish people's taste for 23 years in its modern facilities using the latest technologies

1.1. Historical Background Of BANVİT

Banvit was established in 1968 by Sıtkı KOÇMAN, Selahattin GÖKTUĞ, Vural GÖRENER and Feridun GÖRENER. The first two gentlemen are prominent businessmen in Turkey, and the Göreners are well known in Bandırma business circles. The foundation of today's Banvit was a small feed mill that started production with a capital of 400.000 TL, and the only equipment was a hand-made crushing machine and a mixer.

By the time it had been in feed production for 15 years, Banvit had become the leading producer in the sector. At this time, Banvit started to look for new investment fields.

Initially, egg packing and classification plants were established. Then chicken production started coincidentally, as a consequence of a customer providing a poultry house for 15 years in exchange for his debt.

Breeder chicks were raised in this 1500 m2 poultry house, but the operation was not a success. Broiler chicken was then reared in the same poultry house, resulting in a good profit. From this, it was realized that specialization in broiler production was necessary, but the real profit would be gained from the processing business. Consequently, the first automatic processing plant was established in spring 1985. Soon production was more than could be consumed around Bandırma, so it was decided to create an effective sales network. The first branch was opened in Bursa, in May 1985. Then Balıkesir, İstanbul and Edirne followed, resulting in a broad sales organization capable of distribution around various regions of the country.

Banvit's target since its foundation was to establish full vertical integration. The company started breeder egg production in 1986 after opening its chicken processing plant in 1985. With the addition of its own hatchery in 1988, the company completed all links of the vertical

integration process. In 1992 Banvit floated 15% of its shares on the Istanbul Stock Exchange and increased its production capacity by moving to its new modern processing plant in the same year.

Banvit's original vision was being a leading chicken meat producer. With the internal re-structuring projects, which were started in 1996, this original vision evolved into becoming a leading food company and new investments were initiated for this purpose. After the establishment of Banvit Romania, construction of a further processing plant was begun, and that plant started production in May 2001.

Additionally and in line with the new vision, in 2000 the Tadpi Plant located in İzmir was purchased. The plant was redesigned and fitted for processing turkey, various poultry and game. Turkey production started there in May

II. FINANCIAL STATEMENTS

2.1.Balance sheet

The purpose of a balance sheet is to showe the financial position of a business at a particular date . Every business prepares a balance sheet at the end of the year, and most companies prepare one at teh and of each of month .A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity.

2.1.1.Asset

Assets are economic resources which are owned by a business and are expected to benefit future operation .assets may have definite physical form such as building ,machinery ,or merchandise .On the other hand, some assets exsist not in phsical or tangible form ,but in the form of valuable legal claims or rights; examples are amounts due from customers, investments in government bonds ,and patent rights.

One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present, genereally accepted accounting principles call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.The specific accounting principles supporting cost as the basis for assets valuation are discussed below.

2.1.2.Liabilities.

Liabilities are depts . all business concerns have liabilities ; even the largest and most succesful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liabilitity arising from the purchase of goods or services on credit is called an account payable ,and the person or company to whom the account payable is owed is called a creditor.

A business concern frequently finds it desirable to borrow money as ameans of suplementing the funds inveswted by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example,be used to buy merchandise which can be sold at a profitto the firm's custemers.Or the borrowed money might be used to buy new and more eficent machinery,thus enabling the company to turn out a larger volume of products at the lower cost.When a business borrows money for any reason,a liability is incured and the lender becomes a creditor of the business.The form of the liability when money is borrowed is usually a note payable ,a formal written promise to pay a certain amount of money ,plus interest at a definete future time.

An account payable , as contrasted whit a not payable , dose not involve the issuance of formal written promise to the creditor, and it dose not call for payment of interest .

2.1.3.Owner's Equity:

The owner's equity in a business reprecents the resources investedby the owner; it is equal to the total assets minus the liabilities.The equity of the owner is a residual claim because the claims of the creditors legally come first . İf you are the owner of a business, you are entitled to whatever remains afterthe claims of the creditors are fully satisfied.

Increases In OwnerS Equity: The owner's equity in a business comes from two sources (1) Investment by the owner (2) Farnings from profitable operation of the business

Decreases In Owner's Equity: (1) Whithdrowals of cash or other assets by the owner (2) Losses from unprfitable operation of the business [3]

2.2.Incame Statement.

The revenue and expenses in the incame statement are taken directly from the company's adjustted trial balance.

An incame statement has certain limitations.Remenmber that the amounts shown for depreciation expence are based upon estimates of the usefullives of the company's building and office equipment.Also the incame statementincludes only those events which have been evidenced by business transaction.perhaps during October, Robert Real Estate Company has made contact with many peaple who are right on the verge of buying or salling homes.Good business contacts are an important step toward profitable operations.However ,such contacts are not reflected in the incame statement because their value cannot be measured objectively until actual transactions take place. Despite these limitation the incame statement is of vital importance and indicates that the new business has been profitable during its first month of operation.

Alternative titles for the incame statement include earnings statement,statement of operations ,and profit and loss statement. However ,incame statement is by far the most popular term for this important financial statement . [1]

---

[3] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

2.2.1.Revenue:

Revenue are the gross increas in stokholders' equıty resulting from business activities entered into for the purpose of earning incame. Genereally ,revenues result from the sale of merchandise, the performance of services the rental of property, and the lending of money.

Revenues usually result in an increas in an asset.They may arise from different sources and are identified by various names depending on the nature of the business.Campus pizza, for instance , has two catagories of sales revenues pizza sales and beverage sales. Other titles for and sources of revenue common to many business are :sales, fees , service ,commissions ,interest, dividends,royalties,and rent.

2.2.2. Expenses:

Expenses are the decreases in stockholders' equıty that result from operating the business . They are the cost of assets consumed or services used in the process of earning revenue. Expenses represent acdtual or expected cash outflows(payment).Like revenues, expenses take manyforms and are identified by various names depending on the type of assets consumed or service used .For example;Campus pizza recognizes the following types of expenses cost of ingredients(meat,flour,cheese,tomoto paste,mushrooms,etc.)telephoneexpence;delivery expence(gasoline,repairs,licenses,etc.) supplies expence(napkins,detergants,aprons,etc.) rent expence;interest expence; and property tax expence. When revenues,a net loss results. [4]

[4] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

2.2.3. Net Incame :

Net income is an increase in qwners' equity resulting from the profitable operation of the business. The oposide of net income a decrease in qwners' equity resulting from unprofitable operation of the business is termed a net loss.

Net income dose not consist of cash or any other specific asset. Rather net income is a computation of the overall of business transactions upon owner's equity.

Net income measures the amount by which the increase in assets in exceeds the decrease. In essence ,net income is one measure of the wealthy created by an entity during the accounting period . By tracking net income from period to priod ,comparing changes in net income to economy-wide and industry avarage, and examining changes in the revenues and expense compenents of net income , investors and other decisionsmakers can evaluate the succes of the period operations.[5]

2.3. Statement Of Stockholders Equity

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders ' equity accounts. This expanded statement, called a statement of stockholders' equity.

The top line of this statement shows the beginning balance in each stockholders' equity account. All of the transactions affecting these accounts during the year then are listed in summary form along with the related changes in the balances of specific stockholders' equity

---

[5] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

accounts. The bottom line of the statement shows the ending balance in each stockholders' equity account and should agree with the amounts shown in the year-end balance sheet.

A statement of stockholders' equity is not a required financial statement . However ,it is widely used as a substitute for the statement of retained earnings because it is presents a more complete description of the transaction affecting stockholders' equity. [6]

2.4.Statement of Cash Flow:

Shows how a company's operating, investing and financing activities have affected cash during an accounting period. It explains the net increase (or decrease) in cash during the accounting period . For purposes of preparing this statement, cash is defined to include both cash and cash equivalents .Cash equivalents are defined to the FASB as shortterm,highly liquid investment, including money market accounts ,commercial paper and U.S. Treasury bills.

The statement of Cash flow is designed to fulfill the following purposes.

1- To predict future cash flows: In many cases past receipts and payment are a reasonably good predictor of future cash receipts and payments.

2- To evaluate management decision : The statement of cash flows reports the company investment in plant assets and thus gives investors, and creditors cash-flow information for evaluating managers' decision.

3- To determine the company' ability to pay dividends to stockholders and interest and principal to creditors: It helps them predict whether the business can make these payments.

---

[6] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

4- To show the relationship of net income to changes in the business' cash

2.4.1. Operating Activities :

Include the cash effects of transaction and other events that enter into the determination of net income. Included in this category as cash inflows are cash receipts from customers for goods and services interest and dividends receipt on loans and investments, and sales of trading securities. Included as cash outflows are cash payments for wages, and services ,expenses ,interest taxes and purchases of trading securities. In effect the income statement is changed from an accrual to a cash basis.

2.4.2 Investing Activities :

Include the acquiring and selling of long-term assets, the acquiring and selling of marketable securities other than trading securities or cash equivalents and the making and collecting of loans. Cash inflows include the cash received from selling long-term assets and marketable securities and from collecting loans. Cash outflows include the cash expended for purchases of long-term assets and marketable securities and the cash loaned to borrowers .

2.4.3. Financing Activities :

Include obtaining resources from or returning resources to owners and providing them with a return on their investment, and obtaining resources from creditors and repaying the amounts borrowed or otherwise settling the obligations. Cash inflows include the proceeds from issues of stocks and from short-term and long-term borrowing. Cash outflows include the repayments of loans and payments to owners , including cash dividends. Treasury stock transactions are also considered financing activities. Repayments of accounts payable or

accrued liabilities are not considered repayments of loans under financing activities, but are classified as cash outflows under operating activities.[7]

---

[7] Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

I I I. RESEARCH METHODOLOGY

3.1.Tools Of Analysis

3.1.1. Dollar And Percentage Changes :

The dollar amount of change from years to tear is significant, but expressing the change in percentage terms adds perspective .For example,if sales this year have increased by $100,000 ,the fact that this is an increase of 10% over last year's sales of $1 million puts it in a different persperctive than if it represented a 1% increase over sales of $ 10 million for the prior year.

The dollar amountof any change is the difference between the amount for a comparison year and for a base year. The percentage change is computed by dividing the amount of the change between years by the amount for the base year.

3.1.2. Trend Percentages (Horzintal Analysis):

The changes in financial statement items from a base year to following years are often expressed as trend percentages to show the extent and direction of change.Two steps are necessary to compute trend percentages.First a base year is se3lected and each item in the finansial statements for the base year is given a weight of 100 % .The second step is to express each item in the financial statements for following years as a percentage of its base-year amount.This computation consists of dividing an item such as Sales in the years after the base year by the amount of sales in the base year.

3.1.3. Component Percentages (Vertical Analysis) :

Component percentages indicate the relative size of each item included in a total .For example ,each item on a balance sheet could be expressed as ersentage of total assets . This shows quickly the relative importance of current and noncurrent assets as well as the relative amount of financing obtained from current creditors , long –term creditors , and stokholders. By computing compenent percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

3.1.4. Ratio Analysis :

A ratio is a simple mathermatical expression of the relationship of one item to another. Every percentage may be vieved as a ratio – that is , one number expressed as a percentage of anather.

Ratios may be stated in several ways. To illustrate ,let us consider the current ratio ,which expresses the relationship between current assets and current liabilities .If current assats are $100,000 and current liabilities are $ 50,000 we may say either t6hat the current ratio is 2 to 1 (which is written as 2:1) or that curremt assets are 200 % of current liabilities. Either statement correctly summerizes the relationship- that is ,that current assets are twice as large as current liabilities.

If a ratio is to be useful ,the two amounts being compared must be logically related. Our interpratation of ratio often requires investigation of the underlying data . [8]

---

[8] Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

3.1.4.1. Liquidity Ratio :Liquidity ratios measure the firm's ability to fullfill short term commitments out of its liquid assets. Assets are '' liquid '' if they are either cash or relatively easy to convert into cash. Short_term creditors are generally very interested in the liquidity ratio . The current ratio and the quick ratio are the most commonly used liquidity ratio.

Current Ratio :

The current artio equals assets divided by current liabilities. Current assets are viewed as relatively liquid , which means they can generate cash in a relatively short time period. Current liabilities are debts that will come due within a year. If the current ratio is too low, the firm may have diffeculty in meeting short-run commitments as they mature.If the ratio is too high , firm may have an excessive investment in current assets or be underutilizing short-term credit.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Oic Ratio or Acid Test Ratio :

The quik ,or acid test, ratio measures the firm`s ability to meetshort-term obligations from its most liquid assets . IN this case ,inventory is not inculuded whit ather current assets quik ratio equals current assets ,exculuding inventory, divided by current liabilities. That is ,

$$\text{Quick Ratio:} \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$$

Working Capital: Working Capital is a measurement often used to express the relationship between current assets and current liabilities.Working capital is computed as follows

Working Capital= Current assets _Current Liabilities

Receivables Turnover Rate : Thre accounts receivable turnover rate indicates how quicly a company converts its accounts receivable into cash.The account receivable turnover rate is determined by:

$$\text{Receivables Turnover Rate} = \frac{\text{Net Sales}}{\text{Avarage Account Receivable}}$$

Days to Collects Avarage Accounts Receivables: Provides a raugh approximation of the avarage time that it takes to collect receivables. Days to collect avarage accounts receivable is computed as follows;

$$\text{Days to Collect Avarage Accounts Receivables} = \frac{365}{\text{Receivables Turnover Ratıo}}$$

Operating Cycle : Indicates in days how quickly inventory converts into cash.

Operating Cycle = Days to sell ınventory +Days to Collect receivables

3.1.4.2. Leverage ratios :

Leverage ratio measure the extent of the firm`s total debt burden. They reflect the company`s ability to meet its short- and long term debt obligations. The ratio are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity items from the balance sheet. Leverage ratio are important to creditors , since they indicate whether or not the firm`s revenues can support interest and other othet fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates. Shareholders, too, are concerned with greater debt.

Debt to Total Assets Ratio :

This ratio equals total debt divided by total assets. The debt to total assets ratio is also called the the debt ratio. Generally creditors prefer a low debt ratio since it implies a greater protection of a higher interest rate on its borrowing : beyond some point the firm will not be able to borrow at all.

$$\text{Debt to total assets ratio} : \frac{\text{Total debt}}{\text{Total assets}}$$

Debt to Equity Ratio :

This ratio equals the firm`sdebt divided by its equity ,where debt can be defined as total debt or as long-term debt.We will use long term debt since it is so frequently employed ,and because it provides added information not provided by the debt ratio discussed above.

Long-term debt

Debt – equity ratio :-------------------------

Stockholders` equity

Times Interest Earned Ratio :

The times interest earned ratio equals earnings before interest and taxes divided by interest. EBIT can be computed by simply adding intrest expence to income before taxes the times interest earned ratio equals net income before taxes plus interest expense all divided by interest expense;

EBIT

Times interest earned ratio:---------------

Interest expense

Fixed –charges coverage ratio :

The fixed-charges coverage ratio equals income available to meet fixed changes divided by fixed charges. Fixed charges include all fixed dollar outlays , including debt interest,sinking fund contributions ,and lease payments. A fixed charge is a cash outflow that the firm cannot avoid without violating its contractual agreements. The firm periodically deposits money in a sinking fund that the fund was set up.

Income available for meeting fixed charges

Fixed-charges coverage ratio :---

Fixed charges

3.1.4.3.Activity Ratio :

Activity ratio show the intensity with which the firm uses its assets in generating sales. These ratios indicate whether the firm`s investment in current and long-term assets are too small or too large. If investment is toolarge ,it could be that funds tied up in that assets should be used for more productive purposes . for example: the firm may have unused plant capasity that it could sell and then use the proceeds in some profitable way .If investment is too smoll, the firm may be providing poor service to customers or inefficiently producing its product.

Inventory Turnover :

Inventory equals cost of goods sold divided by avarage inventory.Therefore ,both balance sheet and income statement data must be used .Inventory may have changed significantly during a given year, and it is particularly important here to use a yearly average rather than the year-and inventory amount.

$$\text{Inventory Turnover: } \frac{\text{Cost of gold sold}}{\text{Avarage inventory}}$$

Avarage Collection Period :

The avarage collection period is a measure of how long it takes from the time the sale is made to the time the cash is collected from the customer. To conpute this figure the avarage credit sales Per day is determined by dividing the year`s credit sales by 360 . The avarage credit sales Per day is then divided into year-end accounts receivable or into avarage accounts

receivable for the year. Assume for simplicity that the level of accounts receivable has not varied significantly during the year and that year-end and avarege accounts receivable are therefor about the same .

$$\text{Avarage credit sales Per day} : \frac{\text{Annual credit sales}}{\text{360 days}}$$

$$\text{Avarage collection period} : \frac{\text{Accounts receivable}}{\text{Avarage credit sales Per day}}$$

Fixed –assets turnover:

This ratio is computed by dividing net sales by fixed assets (net plant and equipment) and equals. This ratio indicates how intensively the fixed assets of firm are being used. An inadequately low ratio implies excessive investment in plant and equipment relative to the value of the output being produced. In such a case the firm might be better off to liquidate same of those fixed assets and invest the proceeds productively (or to pay off its debt, or to distribute the proceeds as dividends.

$$\text{Fixed –assets turnover} : \frac{\text{sales}}{\text{Fixed assets}}$$

Total –Assets Turnover :

Total assets turnover equals sales divided by total assets ;therefore

$$\text{Total assets turnover} : \frac{\text{Sales}}{\text{Total assets}}$$

Total assets turnover reflects how well the company`s assets are being used to generate sales .

Operating İncome : This measures the profitability of a company2s basic business activities and computed as follows;

Net Income =Gross Profit _Operating Expenses

Net Income As A Percentage of Net Sales: An indicator of management2s ability to control cost.Net ıncomes as a percentage of net sales are computed as follows;

$$\text{Net Income As a Percentage Of Net Sales} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Return On Assets : A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

Operating Income

Return On Assets=---------------------------

Avarage total Assets

3.1.4.4. Profitability Ratio :

Profitability ratio measure the success of the firm in earning a net return on sales or sales or on investment. Since profit is the ultimate objective of the firm , poor performance here indicates a basic failure that, if not corrected ,would probably result in the firm`s going out of business.

Gross Margin:

The gross profit margin is gross profit (sales minus cost of goods sold) divided by sales. Thus for Macro,

Sales – cost of goods sold

Gros Profit Margin : ----------------------------

Sales

The gross margin reflects the effectiveness of pricing policy and of production efficiency (that is ,how well the puchase or production cost of goods is controlled) .Of course ,if the gross margin is increased by raising the price of the firm`s product ,the product may become

uncompetitive producing a falloff in sales . Therefore a company may find it advantageous to lower the price ,and therefore lower the gross profit margin , if it increases sales so much as to increase total profits.

Net Operating Margin :

The net operating margin equals net sales minus the sum of cost of goods sold and operating expenses ,all divided by net sales .That is ,

$$\text{Net operating margin} : \frac{\text{Operating income}}{\text{Sales}}$$

The net operating margin indicates the profitability of sales before taxe and interest expense. Nonoperating revenues are not included in the returns ,and nonoperating expenses are not deducted. Nonoperating income and expense items are those not directly associated with the production or sale of the firm`s product (not that interest expense is a financing the effectiveness of production cost. ) The purpose of this ratio is to measure the effectiveness of production and sales of the company`s product in generating pretax income for the firm .For any given level of sales ,the higher the net operating margin the better.

Profit margin on sales :

This ratio equals net income divided by sales. By itself ,profit margin on sales provides little useful information since it mixes the effectiveness of sales in producing profits (reflected by

the net operating margin)with the effects of the method of financing on profits (since net income is after deduction of debt and of taxes which are affected by interest)

Net income

Profit margin on sales :---------------------

Sales

Return on Total Assets :

This ratio equals net income plus interest on debt divided by total assets .return on total assets is the total after- corporate- tax return to stockholders and lenders on the total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors, including lenders.

A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

Operating Income

Return On Assets=---------------------------

Avarage total Assets

Return on Equity :

This ratio equals the net income available to common stokholders (i.e.., net income minus dividends on any preferred stock) divided by the common stokholders equity.

$$\text{Retun on equity} : \frac{\text{Net income to common stokholders}}{\text{Common stokholders equity}}$$

IV.FINANCIAL STATEMENT ANALSIS OF BANVİT AND PINAR

Starting with this page different tables including income statement of Banvit company reported for the years 1998 , 1999 , 2000 , 2001 ,2002 , are available . Under the liht of these tables ,I will try to make the financial statement analysis of Banvit. This analysis will give us a general information

	1999	%	**1998**	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

During the year 1999 the net income of teh company dropped from 22.4 to 14.1. This decline can be explained by 10% increase in cost of sales and 3% increase in operation expenses and 6% increase in financial expenses.

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67.0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15.6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

In 2000, the net income continued to declined and it dropped to 1%. As in year 1999, there has been radical inreases in all expenses. Mainly 10% increase in cost of sales, 4% increase in operating expenses and 2% increase in financial expenses.

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

A radical change took place in 2001. Despite the fact that the cost of sales had risen from 77% to 85.3%, yet the net income increased from 15 to 8.4%. One of the main factors in this increase is the decrease in Finnacial expenses. It decreased from 2.4 % to 1.2 %.

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

The cost of sales continued to decrease in 2002. It went down from 85.3% to 77.2. Althoughthere has been a decrease in cost of sales, net income has descreased as well. This fall in net income level can be explained by the 0.3% increase in finnacial expense.

Banvit trent persentages

	1998	1999	2000	2001	2002
Net Sales	**29,042,360**	**52,028,168**	**81,128,351**	**132,009,160**	**184,831,143**
C.O.G .S	**17,170,788**	**36,021,396**	**64,727,305**	**117,894,391**	**149,472,661**
Gross Profit	**11,871,573**	**16,006,772**	**16,401,046**	**14,114,769**	**35,358,482**
	1998	**1999**	**2000**	**2001**	**2002**
Net Sales	**% 100**	**% 133,3**	**% 279,3**	**% 454,5**	**% 636,4**
C.O.G .S	**% 100**	**% 209,8**	**% 376,9**	**% 686,5**	**% 870,5**
Gross Profit	**%100**	**% 134,8**	**% 138,1**	**% 118,8**	**% 297,8**

According to the trend percentages, there has been an increase in both net sales and cost of goods sold between the years 1998 and 2002. Unfortunately, we can not say the same for the gross profit. There had been a decrease in gross profit in 2001.

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	**81,028,351**	**52,028,168**	**29,042,360**	**29,100,183**	**0,55**	**22,985,808**	**0,79**
Net Income	**904,490**	**7,629,245**	**6,585,670**	**-6,724,755**	**0,88**	**1,043,575**	**0,158**

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	**184,831,143**	**132,009,160**	**81,128,351**	**52,821,983**	**0,40**	**50,880,809**	**0,627**
Net Income	**3,295,219**	**10,852,033**	**904,490**	**-7,556,814**	**- 0,49**	**9,947,543**	**0,1099**

According to dollar and percentage changes, Net Sales had fallen during the period between 1998 and 2000 and this was followed by a steady increase in 2002.Unfortunately the company could not keep up the increase and there had been a decrease in year 2002.

Ratio Analysis.

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

According to general believes in business world professionals of financial anaysis the quick ratio should be at least 1 to1 the firm performs quick ratio which is good between 1998-2000. but the firms start to tecline 1,0by the year 2001. all ratios that are under 1,0 shows the company is weak in short- term debt paying ağabeylity

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

Debt ratio shows what proportion of total assets is convert by debts, so high rate means high debts. The lower rate is more useful. The firm reports show increasing trend ratio in that ratio until 2001 but in 2002 the ratio starts to decrease by 0.644. This means that the lower ratio is more preferable.

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7 .915	9.235	9.450	7.634

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily

increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

Days to sell average inventory describes in how many days the company sell its inventory and convert them into cash or A/R we see that the company managers to sell its inventory and convert them into cash or account receviables more longer than past years.

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	-17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

When we analyze the company reports we observe that the company achives between, %0.20 and %0.40 but the rate increase from 0.10 by to 0.1913 between 2001 and 2002.

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

The company was collect its account receivables in 15,7 days in 1999 now its collects the accounts receivables in 28,7 days in 2002 this means that it takes more time for the company to collect the account receivables in 2002 than past years

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

The operating cycle is 61.8 in 1999. It is increasing steadily until 2002 and reaches 76.51 days in 2002. This shows that the company requires more days to convert the inventory into cash which is an unfavourable trend.

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32,441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,540	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	**1999**	**2000**	**2001**	**2002**
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

Net Income As a Percentages of Sales Shows what proprotion of net sales is reported as net income. Here higher the percentage higher the income from sales. In 1998 the percentage is 0.226 but it decreases steadily until 2001 but in 2002 the ratio starts to increase by 0.0178.

V.LIMITATION.

Banvit company is one of the most succesful Turkish companis, which operates globally.However as in many companies it is possible to hve difficulties in reaching details. Financial information about the company. The company has a well designed web site of company. May be the most important document- annual report for the investors is not available on the site of the company. For this reason the important relationship and explanations of the changes in the components of financial statements were difficult to find. There are some partial statements but they are not useful for analysis since the Turkish accounting system. However it become possible to reach the financial of the company necessary for anaysis by the help of other limited resources, such as web sites of a few investment asistance companies.

CONCLUSION AND RECOMMENDATION.

Financial statement analysis to allow users to make informed judgementsabout a company's financial position and performance when measured against trends of the company itself and when compared to other companies in the economy. İt is important that you understand that this is an introduction. The preparation of the financial statements is not the first step in the accounting process, but it is convenient point to brgin the study of accounting. The financial statements are the means of conveying to management and to interested outsiders aconcise Picture of the profitability and financial position of the business. Since these financial statement are in a sense the end product of the accounting proces, the student who acquires a clear understant of the content and meaning of financial statements will be in excellent position to apprentice the purpose of the earlier steps of recording and classifying business transactions. The two most widely used finansial statements are the balance sheet and the income statement. Together these two statements summarize all the information contained in the hundred or thousand of pages comparisons the detailed accounting records of a business. İn this financial statement, we shall explore the nature of the balance sheet or financial position as it is sometimes called. Once wen have become familiar with the form and arrangement of the balance sheet and with the meaning of technical terms such as asset, liabilities, and owner's equity, it will be as easy to read and understand a report an the financil position of a business as it is for an architect to read the blueprints of building.

Financial statements analysis comprises all the techniques employed by users of financial statements to show important relationship in the financial statements. Users of financial statements fall into two broad categories: internal and external. Management is the main internal user. However, because those who run a company have inside informatio on

operations other techniques are available to them. The main focus here is on the external users of financiaL statements and the analytical techniques they employ.

Creditors make loans in the form of trade acconts, notes, or bonds. They receive interes on the loans and expect them to be repaid according to specifed terms. Investors buy capital stock from which they hope to receive dividends and an increase in value. Both groups face risks. The creditor faces the risk that the deptor will fail to pay back the loan. The investor faces the risk that dividends will be reduced or not paid or that the market price of the stock will drop. For both groups the goal is the achive a return that makes up for the risk. In general, the greater the risk teken, the greater the return required as compensation.

I analaysis two companies with Four methods. These methods are:

As we know one of the most significant parameters of the Component Percentage ratio is the percentage changes in net income for the company under examination. In the light of this information, I examined the previous five years business period as regards the percentage changes in Net Income levels for both companies. Based on this puissant examination I shall conclude that that *Banvit* performed its business better than *Pinar* in terms of profitability. Following are the relative changes in both companies Net Income levels:

BANVIT PINAR

1998 22.4 % + 2.8% +

1999 14.1% + 14.% +

2000 1 % + 3.1% +

2001 8.4%+ 3.1%+

2002 2.4%+ 1.3% +

As the above table clearly demonstrates, one can easily infer that *Banvit* performed much better than Pinar between the five years period beginning 1998 and ending 2002.

According to Trent Percentage, I can deduce that Banvit's values are higher than the values Pinar has. The main reason for this can be summarised as Banvit's increase trents are higher than Pinar's Increase trends. Please see appendices for detailed information regarding both companies increase trends.

When I examine the Dollar & Percentage changes, I also undergo that Banvit again demonstrates a better performance in comparison to Pinar. We again arrive in this conclusion by simply looking at percentage increase changes. For example; in 1999 and 1998, Banvit's percentage increase is 0.79% whereas Pinar has retained only 0.46% over the same period. Hence we can say that Banvit is more successful than Pinar. The full list of increase percentages can be also found in the appendices.

In doing Ration Analysis for both Pinar and Banvit companies, I used four different ration analyses. These can be listed as :

a. Liquidity Ratio
b. Leverage Ratio
c. Activity Ratio
d. Profitability Ratio

According to *Liquidity Ratio*, Banvit's short term dept paying ability is better than Pinar. This is derived by looking at the parameters which create the Liquidity Ratio. These parameters are current ratio, quick ratio, working capital ratio. When we examine the past years values in

respect of these ratios, we can again conclude that Banvit has performed better business than Pinar.

According to leverage ratio, as it is in Liquidity ratio, Banvit has a less short term credit risk than pinar has. When we look at Activity Ratio, Surprisingly Pinar has better Activity Ratio parameters than Banvit has. Finally when we examine profitability Ratio values, especially in the last few years Banvit has performed extremely well, in comparison to Pinar, as regards its achievements in activity ratios. This I can say after examining relatively the gross Profit Margins, Net Operating Margins, Return on Assets, and Return on Equity ratios for both companies.

As a result, I can state that, based on the values obtained by comparison of above mentioned ratios, *Banvit* has performed batter than *Pinar* did.

The rate of pınar is not greater since it achives very well but may be its better than banvit since banvit performs badly in turnover rate. Banvit must improve its ability to collect the receivables with in a short period. The possible solution for this problem may be making credit sales with shorter maturities. These processes may enable banvit to increase cash-flow in and as a consequence help to liquidity to increase.

REFERENCES

1- Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

2- Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

3- Accunting the Basis of Business Decision, 1998,8th ed. 82-89

4- Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

5- Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

6- Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

7- www.imkb.gov.tr

8- www.banvit.com.

9- www.borsa.net.

10- www.analiz.com

11- www.pınar.com

12- www.investopedia.com

13- www.borsadirect .com.

14- www.foreks.com

APPENDIX 1

	1999	%	1998	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67,0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15,6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

NEAR EAST UNIVERSITY

THE FACULTY OF ECONOMICS
&
AND ADMINSTRATIVE SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATIVE

GRADUATION PROJECT

Comperative Financial Statement Analysis of BANVIT and PINAR

Submitted by

MUSTAFA ONUR AYDIN

Submitted to

MEHMET AĞA

Nicosia- Sept. 3th 2003

ABSRACT

Financial statement analysis is a tool that helps the analysis's and investors to make decision by using useful information . And also it helps the investors to understand the key trends and relationship which gives clear understanding of all the financial activities. With the help of classified financial statement analysis certain types of financial activities are recorded and placed together in a group from which in turns help the users to develop useful subtotals and indicators. Whereas comparative financial statements give summary of several years activities so that investors can easily compare the changing trends.

My aim in project is to analyses financial statement of Banvit for last five years and compare the current performance with past performance of Banvit .And also to compare the current position of Banvit with only competitor Pınar. Banvit is one of the top fifty companies in I.M.K.B when we make these analyze we take on help from financial books, accounting books, İstanbul Stok Exchange market companies books. And also we will use İstanbul Stok Exchange Market's web site that is www.ise.gov.tr

TABLE OF CONTENT

INTRODUCTION

In today's economy, incestment capital is always on the move. Through organized capital markets such as the Istanbul Stok Exchang, investors each day shift billions of investment Turkish Liras among different companies, industries and nations. Capital flows to those areas in which investors expect to earn the greaest returns with the least risk.How do investors forecast risk and potantial returns? By analyzing accounting information for a specific company in the context of it!s unique industry setting . The goal of accounting is to provide economics decision makers with useful information .The financial statements generated through the accounting process are designed to assist users in identifying key relationships and trends .The finansial statements of most publicly owned companies are classified and are presented in comperative form .Often , the word 'consolidated 'appears iin the headings of the statement. Users of finansial statements should have a clear understanding of these terms .[1]

Most business organisations prepare classified finansial statements, meaning that items with certain characteristics are placed togedher in a group ,or classification . the purpose of these classification is to develop useful subtotals that will assist users of the statements in their analyses .In comparative finansial statements ,the finansial statement amountsfor several years appear side by side in vertical columns .This assists investors in identifying and evaluating significant changes and trends.

This project focuses on financial statement analysis ,which means using financial statement data to assess a company. Sources of information about companies , the objectives of financial statement analysis, and methods for evaluating financial stetements are covered.The majority of the project deals with ratios and how to understand the financial statements as

[1] Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

prepared under GAAP. Disclosure practices have evolved with the specific purpose of providing information is collected , aggregated ,and disclosed.We have frequantly provided ratios and other tools of analsis and have demonstrated how the informationmight aid in making decisions . In this project we integrete prior material and discuss additional tools for analysing and evaluating the company's financial position.[2]

I have conducted the analisis of Banvit and Pınar in five stages

First part includes the background of Banvit and Pınar ,its historıcal development from foundation up to now.

Some scientific definitions and different approaches from various sources about the financial statements are available in the second part. The definitions and explanations abouth the functions and necessity of Balance sheet, Income Statement and Stockholders Equity and Statement of Cash Flow are also included.

The third part introduces some very important tools of analising finansial position of a company. Such tools like dollar and percentage Changes, Trend Percentages (Horizantal Analisis),Component Percentages (Vertical Analysis)and Ratio Analysis ,give us details abouth the financial strengths and structure of a company.

The fourt part includes the application previously mentioned Compenent Percentages (Vertical Analisis9, Trend Percentages (Horzintal Analisis), Dollar and Percentage changes and Ratios to the Banvit and Pınar companys under the light of last five years reports. This

---

[2] Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

part enables us to understand the past performance and present financial structure of Banvit and Pınar.

In the fifth part limitation of the project will be explained.

At the end conclusion and recommandation will be provided to the users of financial statements.

1. HISTORICAL BACKGROUND OF BANVİT AND PINAR

1.1.Historical Background of PINAR

Türkiye was introduced with Pınar Dairy, the giant production facility of the Middle East in1975 and so far almost each year She enlarged her reign with the introduction of new sources that Pınar has introduced. A whole generation, grown with Pınar is pointing out to many others who will also grow healthy with Pınar.

From meat to milk, from frozen products to fish and from animal feed to feed-lots, institutionalized with an integrated approach, today Pınar rapidly carries on her efforts to be a worldwide trademark, renowned from pole to pole.

Pınar Meat is the first integrated meat processing plants of Turkey conforming Turkish international and AE standards. Since starting operation in 1985, Pınar Meat has always aimed to contribute to Turkish animal farming sector and offer healthy, reliable, delicious meat and meat products to the consumers using all possible advanced technology.

Holding a leading position in the market with 25 % share in processed meat and 83 % in frozen products fields, Pınar Meat is the pioneer of Turkish meat sector with a turnover of 180 million USD and export revenues of 919.000 USD.

Staring turkey production in 1997 after investing 23 million US dollars in this field, Pınar Meat has brought a new dimension to Turkish Meat Sector with Pınar Turkey Processing

facilities. Pınar Meat has signed under another first in Turkey by presenting an irresistible taste to Turkish cuisine adopting the motto "The Taste of red and the health of white meat."

Pınar Meat has contracted breeders for turkey farming thereby creating new employment and job opportunities for the region.

Holding ISO 9001 quality system certificate and carrying out production in strict conformity with the quality and hygiene guidelines since its foundation,
Pınar Meat, is proud to provide trained and informed labor force to the sector through studies of Apprenticeship Centers.

Having produced high quality, tasty and reliable food and beverage to Turkish people's taste for 23 years in its modern facilities using the latest technologies

1.1. Historical Background Of BANVİT

Banvit was established in 1968 by Sıtkı KOÇMAN, Selahattin GÖKTUĞ, Vural GÖRENER and Feridun GÖRENER. The first two gentlemen are prominent businessmen in Turkey, and the Göreners are well known in Bandırma business circles. The foundation of today's Banvit was a small feed mill that started production with a capital of 400.000 TL, and the only equipment was a hand-made crushing machine and a mixer.

By the time it had been in feed production for 15 years, Banvit had become the leading producer in the sector. At this time, Banvit started to look for new investment fields.

Initially, egg packing and classification plants were established. Then chicken production started coincidentally, as a consequence of a customer providing a poultry house for 15 years in exchange for his debt.

Breeder chicks were raised in this 1500 m2 poultry house, but the operation was not a success. Broiler chicken was then reared in the same poultry house, resulting in a good profit. From this, it was realized that specialization in broiler production was necessary, but the real profit would be gained from the processing business. Consequently, the first automatic processing plant was established in spring 1985. Soon production was more than could be consumed around Bandırma, so it was decided to create an effective sales network. The first branch was opened in Bursa, in May 1985. Then Balıkesir, İstanbul and Edirne followed, resulting in a broad sales organization capable of distribution around various regions of the country.

Banvit's target since its foundation was to establish full vertical integration. The company started breeder egg production in 1986 after opening its chicken processing plant in 1985. With the addition of its own hatchery in 1988, the company completed all links of the vertical

integration process. In 1992 Banvit floated 15% of its shares on the Istanbul Stock Exchange and increased its production capacity by moving to its new modern processing plant in the same year.

Banvit's original vision was being a leading chicken meat producer. With the internal re-structuring projects, which were started in 1996, this original vision evolved into becoming a leading food company and new investments were initiated for this purpose. After the establishment of Banvit Romania, construction of a further processing plant was begun, and that plant started production in May 2001.

Additionally and in line with the new vision, in 2000 the Tadpi Plant located in İzmir was purchased. The plant was redesigned and fitted for processing turkey, various poultry and game. Turkey production started there in May

II. FINANCIAL STATEMENTS

2.1.Balance sheet

The purpose of a balance sheet is to showe the financial position of a business at a particular date . Every business prepares a balance sheet at the end of the year, and most companies prepare one at teh and of each of month .A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity.

2.1.1.Asset

Assets are economic resources which are owned by a business and are expected to benefit future operation .assets may have definite physical form such as building ,machinery ,or merchandise .On the other hand, some assets exsist not in phsical or tangible form ,but in the form of valuable legal claims or rights; examples are amounts due from customers, investments in government bonds ,and patent rights.

One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present, genereally accepted accounting principles call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.The specific accounting principles supporting cost as the basis for assets valuation are discussed below.

2.1.2.Liabilities.

Liabilities are depts . all business concerns have liabilities ; even the largest and most succesful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liabilitity arising from the purchase of goods or services on credit is called an account payable ,and the person or company to whom the account payable is owed is called a creditor.

A business concern frequently finds it desirable to borrow money as ameans of suplementing the funds inveswted by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example,be used to buy merchandise which can be sold at a profitto the firm's custemers.Or the borrowed money might be used to buy new and more eficent machinery,thus enabling the company to turn out a larger volume of products at the lower cost.When a business borrows money for any reason,a liability is incured and the lender becomes a creditor of the business.The form of the liability when money is borrowed is usually a note payable ,a formal written promise to pay a certain amount of money ,plus interest at a definete future time.

An account payable , as contrasted whit a not payable , dose not involve the issuance of formal written promise to the creditor, and it dose not call for payment of interest .

2.1.3.Owner's Equity:

The owner's equity in a business reprecents the resources investedby the owner; it is equal to the total assets minus the liabilities.The equity of the owner is a residual claim because the claims of the creditors legally come first . İf you are the owner of a business, you are entitled to whatever remains afterthe claims of the creditors are fully satisfied.

Increases In OwnerS Equity: The owner's equity in a business comes from two sources (1) Investment by the owner (2) Farnings from profitable operation of the business

Decreases In Owner's Equity: (1) Whithdrowals of cash or other assets by the owner (2) Losses from unprfitable operation of the business [3]

2.2.Incame Statement.

The revenue and expenses in the incame statement are taken directly from the company's adjustted trial balance.

An incame statement has certain limitations.Remenmber that the amounts shown for depreciation expence are based upon estimates of the usefullives of the company's building and office equipment.Also the incame statementincludes only those events which have been evidenced by business transaction.perhaps during October, Robert Real Estate Company has made contact with many peaple who are right on the verge of buying or salling homes.Good business contacts are an important step toward profitable operations.However ,such contacts are not reflected in the incame statement because their value cannot be measured objectively until actual transactions take place. Despite these limitation the incame statement is of vital importance and indicates that the new business has been profitable during its first month of operation.

Alternative titles for the incame statement include earnings statement,statement of operations ,and profit and loss statement. However ,incame statement is by far the most popular term for this important financial statement . [1]

[3] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

2.2.1.Revenue:

Revenue are the gross increas in stokholders' equıty resulting from business activities entered into for the purpose of earning incame. Genereally ,revenues result from the sale of merchandise, the performance of services the rental of property, and the lending of money.

Revenues usually result in an increas in an asset.They may arise from different sources and are identified by various names depending on the nature of the business.Campus pizza, for instance , has two catagories of sales revenues pizza sales and beverage sales. Other titles for and sources of revenue common to many business are :sales, fees , service ,commissions ,interest, dividends,royalties,and rent.

2.2.2. Expenses:

Expenses are the decreases in stockholders' equıty that result from operating the business . They are the cost of assets consumed or services used in the process of earning revenue. Expenses represent acdtual or expected cash outflows(payment).Like revenues, expenses take manyforms and are identified by various names depending on the type of assets consumed or service used .For example;Campus pizza recognizes the following types of expenses cost of ingredients(meat,flour,cheese,tomoto paste,mushrooms,etc.)telephoneexpence;delivery expence(gasoline,repairs,licenses,etc.) supplies expence(napkins,detergants,aprons,etc.) rent expence;interest expence; and property tax expence. When revenues,a net loss results. [4]

[4] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

2.2.3. Net Incame :

Net income is an increase in qwners' equity resulting from the profitable operation of the business. The oposide of net income a decrease in qwners' equity resulting from unprofitable operation of the business is termed a net loss.

Net income dose not consist of cash or any other specific asset. Rather net income is a computation of the overall of business transactions upon owner's equity.

Net income measures the amount by which the increase in assets in exceeds the decrease. In essence ,net income is one measure of the wealthy created by an entity during the accounting period . By tracking net income from period to priod ,comparing changes in net income to economy-wide and industry avarage, and examining changes in the revenues and expense compenents of net income , investors and other decisionsmakers can evaluate the succes of the period operations.[5]

2.3. Statement Of Stockholders Equity

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders ' equity accounts. This expanded statement, called a statement of stockholders' equity.

The top line of this statement shows the beginning balance in each stockholders' equity account. All of the transactions affecting these accounts during the year then are listed in summary form along with the related changes in the balances of specific stockholders' equity

[5] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

accounts. The bottom line of the statement shows the ending balance in each stockholders' equity account and should agree with the amounts shown in the year-end balance sheet.

A statement of stockholders' equity is not a required financial statement . However ,it is widely used as a substitute for the statement of retained earnings because it is presents a more complete description of the transaction affecting stockholders' equity. [6]

2.4.Statement of Cash Flow:

Shows how a company's operating, investing and financing activities have affected cash during an accounting period. It explains the net increase (or decrease) in cash during the accounting period . For purposes of preparing this statement, cash is defined to include both cash and cash equivalents .Cash equivalents are defined to the FASB as shortterm,highly liquid investment, including money market accounts ,commercial paper and U.S. Treasury bills.

The statement of Cash flow is designed to fulfill the following purposes.

1- To predict future cash flows: In many cases past receipts and payment are a reasonably good predictor of future cash receipts and payments.

2- To evaluate management decision : The statement of cash flows reports the company investment in plant assets and thus gives investors, and creditors cash-flow information for evaluating managers' decision.

3- To determine the company' ability to pay dividends to stockholders and interest and principal to creditors: It helps them predict whether the business can make these payments.

---

[6] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

4- To show the relationship of net income to changes in the business' cash

2.4.1. Operating Activities :

Include the cash effects of transaction and other events that enter into the determination of net income. Included in this category as cash inflows are cash receipts from customers for goods and services interest and dividends receipt on loans and investments, and sales of trading securities. Included as cash outflows are cash payments for wages, and services ,expenses ,interest taxes and purchases of trading securities. In effect the income statement is changed from an accrual to a cash basis.

2.4.2 Investing Activities :

Include the acquiring and selling of long-term assets, the acquiring and selling of marketable securities other than trading securities or cash equivalents and the making and collecting of loans. Cash inflows include the cash received from selling long-term assets and marketable securities and from collecting loans. Cash outflows include the cash expended for purchases of long-term assets and marketable securities and the cash loaned to borrowers .

2.4.3. Financing Activities :

Include obtaining resources from or returning resources to owners and providing them with a return on their investment, and obtaining resources from creditors and repaying the amounts borrowed or otherwise settling the obligations. Cash inflows include the proceeds from issues of stocks and from short-term and long-term borrowing. Cash outflows include the repayments of loans and payments to owners , including cash dividends. Treasury stock transactions are also considered financing activities. Repayments of accounts payable or

accrued liabilities are not considered repayments of loans under financing activities, but are classified as cash outflows under operating activities.[7]

[7] Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

I I I. RESEARCH METHODOLOGY

3.1.Tools Of Analysis

3.1.1. Dollar And Percentage Changes :

The dollar amount of change from years to tear is significant, but expressing the change in percentage terms adds perspective .For example,if sales this year have increased by $100,000 ,the fact that this is an increase of 10% over last year's sales of $1 million puts it in a different persperctive than if it represented a 1% increase over sales of $ 10 million for the prior year.

The dollar amountof any change is the difference between the amount for a comparison year and for a base year. The percentage change is computed by dividing the amount of the change between years by the amount for the base year.

3.1.2. Trend Percentages (Horzintal Analysis):

The changes in financial statement items from a base year to following years are often expressed as trend percentages to show the extent and direction of change.Two steps are necessary to compute trend percentages.First a base year is se3lected and each item in the finansial statements for the base year is given a weight of 100 % .The second step is to express each item in the financial statements for following years as a percentage of its base-year amount.This computation consists of dividing an item such as Sales in the years after the base year by the amount of sales in the base year.

3.1.3. Component Percentages (Vertical Analysis) :

Component percentages indicate the relative size of each item included in a total .For example ,each item on a balance sheet could be expressed as ersentage of total assets . This shows quickly the relative importance of current and noncurrent assets as well as the relative amount of financing obtained from current creditors , long –term creditors , and stokholders. By computing compenent percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

3.1.4. Ratio Analysis :

A ratio is a simple mathermatical expression of the relationship of one item to another. Every percentage may be vieved as a ratio – that is , one number expressed as a percentage of anather.

Ratios may be stated in several ways. To illustrate ,let us consider the current ratio ,which expresses the relationship between current assets and current liabilities .If current assats are $100,000 and current liabilities are $ 50,000 we may say either t6hat the current ratio is 2 to 1 (which is written as 2:1) or that curremt assets are 200 % of current liabilities. Either statement correctly summerizes the relationship- that is ,that current assets are twice as large as current liabilities.

If a ratio is to be useful ,the two amounts being compared must be logically related. Our interpratation of ratio often requires investigation of the underlying data .[8]

---

[8] Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

3.1.4.1. Liquidity Ratio :Liquidity ratios measure the firm's ability to fullfill short term commitments out of its liquid assets. Assets are '' liquid '' if they are either cash or relatively easy to convert into cash. Short_term creditors are generally very interested in the liquidity ratio . The current ratio and the quick ratio are the most commonly used liquidity ratio.

Current Ratio :

The current artio equals assets divided by current liabilities. Current assets are viewed as relatively liquid , which means they can generate cash in a relatively short time period. Current liabilities are debts that will come due within a year. If the current ratio is too low, the firm may have diffeculty in meeting short-run commitments as they mature.If the ratio is too high , firm may have an excessive investment in current assets or be underutilizing short-term credit.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Oic Ratio or Acid Test Ratio :

The quik ,or acid test, ratio measures the firm`s ability to meetshort-term obligations from its most liquid assets . IN this case ,inventory is not inculuded whit ather current assets quik ratio equals current assets ,exculuding inventory, divided by current liabilities. That is ,

$$\text{Quick Ratio:} \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$$

Working Capital: Working Capital is a measurement often used to express the relationship between current assets and current liabilities.Working capital is computed as follows

Working Capital= Current assets _Current Liabilities

Receivables Turnover Rate : Thre accounts receivable turnover rate indicates how quicly a company converts its accounts receivable into cash.The account receivable turnover rate is determined by:

$$\text{Receivables Turnover Rate} = \frac{\text{Net Sales}}{\text{Avarage Account Receivable}}$$

Days to Collects Avarage Accounts Receivables: Provides a raugh approximation of the avarage time that it takes to collect receivables. Days to collect avarage accounts receivable is computed as follows;

$$\text{Days to Collect Avarage Accounts Receivables} = \frac{365}{\text{Receivables Turnover Ratio}}$$

Operating Cycle : Indicates in days how quickly inventory converts into cash.

Operating Cycle = Days to sell inventory +Days to Collect receivables

3.1.4.2. Leverage ratios :

Leverage ratio measure the extent of the firm`s total debt burden. They reflect the company`s ability to meet its short- and long term debt obligations. The ratio are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity items from the balance sheet. Leverage ratio are important to creditors , since they indicate whether or not the firm`s revenues can support interest and other othet fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates. Shareholders, too, are concerned with greater debt.

Debt to Total Assets Ratio :

This ratio equals total debt divided by total assets. The debt to total assets ratio is also called the the debt ratio. Generally creditors prefer a low debt ratio since it implies a greater protection of a higher interest rate on its borrowing : beyond some point the firm will not be able to borrow at all.

$$\text{Debt to total assets ratio} : \frac{\text{Total debt}}{\text{Total assets}}$$

Debt to Equity Ratio :

This ratio equals the firm`sdebt divided by its equity ,where debt can be defined as total debt or as long-term debt.We will use long term debt since it is so frequently employed ,and because it provides added information not provided by the debt ratio discussed above.

Long-term debt

Debt – equity ratio :-------------------------

Stockholders` equity

Times Interest Earned Ratio :

The times interest earned ratio equals earnings before interest and taxes divided by interest. EBIT can be computed by simply adding intrest expence to income before taxes the times interest earned ratio equals net income before taxes plus interest expense all divided by interest expense;

EBIT

Times interest earned ratio:---------------

Interest expense

Fixed –charges coverage ratio :

The fixed-charges coverage ratio equals income available to meet fixed changes divided by fixed charges. Fixed charges include all fixed dollar outlays , including debt interest,sinking fund contributions ,and lease payments. A fixed charge is a cash outflow that the firm cannot avoid without violating its contractual agreements. The firm periodically deposits money in a sinking fund that the fund was set up.

Income available for meeting fixed charges

Fixed-charges coverage ratio :---

Fixed charges

3.1.4.3.Activity Ratio :

Activity ratio show the intensity with which the firm uses its assets in generating sales. These ratios indicate whether the firm`s investment in current and long-term assets are too small or too large. If investment is toolarge ,it could be that funds tied up in that assets should be used for more productive purposes . for example: the firm may have unused plant capasity that it could sell and then use the proceeds in some profitable way .If investment is too smoll, the firm may be providing poor service to customers or inefficiently producing its product.

Inventory Turnover :

Inventory equals cost of goods sold divided by avarage inventory.Therefore ,both balance sheet and income statement data must be used .Inventory may have changed significantly during a given year, and it is particularly important here to use a yearly average rather than the year-and inventory amount.

$$\text{Inventory Turnover} = \frac{\text{Cost of gold sold}}{\text{Avarage inventory}}$$

Avarage Collection Period :

The avarage collection period is a measure of how long it takes from the time the sale is made to the time the cash is collected from the customer. To conpute this figure the avarage credit sales Per day is determined by dividing the year`s credit sales by 360 . The avarage credit sales Per day is then divided into year-end accounts receivable or into avarage accounts

receivable for the year. Assume for simplicity that the level of accounts receivable has not varied significantly during the year and that year-end and avarege accounts receivable are therefor about the same .

$$\text{Avarage credit sales Per day:} \frac{\text{Annual credit sales}}{\text{360 days}}$$

$$\text{Avarage collection period :} \frac{\text{Accounts receivable}}{\text{Avarage credit sales Per day}}$$

Fixed –assets turnover:

This ratio is computed by dividing net sales by fixed assets (net plant and equipment) and equals. This ratio indicates how intensively the fixed assets of firm are being used. An inadequately low ratio implies excessive investment in plant and equipment relative to the value of the output being produced. In such a case the firm might be better off to liquidate same of those fixed assets and invest the proceeds productively (or to pay off its debt, or to distribute the proceeds as dividends.

$$\text{Fixed –assets turnover :} \frac{\text{sales}}{\text{Fixed assets}}$$

Total –Assets Turnover :

Total assets turnover equals sales divided by total assets ;therefore

$$\text{Total assets turnover :} \frac{\text{Sales}}{\text{Total assets}}$$

Total assets turnover reflects how well the company`s assets are being used to generate sales .

Operating İncome : This measures the profitability of a company2s basic business activities and computed as follows;

Net Income =Gross Profit _Operating Expenses

Net Income As A Percentage of Net Sales: An indicator of management2s ability to control cost.Net ıncomes as a percentage of net sales are computed as follows;

$$\text{Net Income As a Percentage Of Net Sales} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Return On Assets : A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

Operating Income

Return On Assets=---------------------------

Avarage total Assets

3.1.4.4. Profitability Ratio :

Profitability ratio measure the success of the firm in earning a net return on sales or sales or on investment. Since profit is the ultimate objective of the firm , poor performance here indicates a basic failure that, if not corrected ,would probably result in the firm`s going out of business.

Gross Margin:

The gross profit margin is gross profit (sales minus cost of goods sold) divided by sales. Thus for Macro,

Sales – cost of goods sold

Gros Profit Margin : ----------------------------

Sales

The gross margin reflects the effectiveness of pricing policy and of production efficiency (that is ,how well the puchase or production cost of goods is controlled) .Of course ,if the gross margin is increased by raising the price of the firm`s product ,the product may become

uncompetitive producing a falloff in sales . Therefore a company may find it advantageous to lower the price ,and therefore lower the gross profit margin , if it increases sales so much as to increase total profits.

Net Operating Margin :

The net operating margin equals net sales minus the sum of cost of goods sold and operating expenses ,all divided by net sales .That is ,

$$\text{Net operating margin} : \frac{\text{Operating income}}{\text{Sales}}$$

The net operating margin indicates the profitability of sales before taxe and interest expense. Nonoperating revenues are not included in the returns ,and nonoperating expenses are not deducted. Nonoperating income and expense items are those not directly associated with the production or sale of the firm`s product (not that interest expense is a financing the effectiveness of production cost. ) The purpose of this ratio is to measure the effectiveness of production and sales of the company`s product in generating pretax income for the firm .For any given level of sales ,the higher the net operating margin the better.

Profit margin on sales :

This ratio equals net income divided by sales. By itself ,profit margin on sales provides little useful information since it mixes the effectiveness of sales in producing profits (reflected by

the net operating margin)with the effects of the method of financing on profits (since net income is after deduction of debt and of taxes which are affected by interest)

$$\text{Profit margin on sales :} \frac{\text{Net income}}{\text{Sales}}$$

Return on Total Assets :

This ratio equals net income plus interest on debt divided by total assets .return on total assets is the total after- corporate- tax return to stockholders and lenders on the total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors, including lenders.

A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

Return on Equity :

This ratio equals the net income available to common stokholders (i.e.., net income minus dividends on any preferred stock) divided by the common stokholders equity.

$$\text{Retun on equity} := \frac{\text{Net income to common stokholders}}{\text{Common stokholders equity}}$$

IV.FINANCIAL STATEMENT ANALSIS OF BANVİT AND PINAR

Starting with this page different tables including income statement of Banvit company reported for the years 1998 , 1999 , 2000 , 2001 ,2002 , are available . Under the liht of these tables ,I will try to make the financial statement analysis of Banvit. This analysis will give us a general information

	1999	%	1998	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

During the year 1999 the net income of teh company dropped from 22.4 to 14.1. This decline can be explained by 10% increase in cost of sales and 3% increase in operation expenses and 6% increase in financial expenses.

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67.0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15.6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

In 2000, the net income continued to declined and it dropped to 1%. As in year 1999, there has been radical inreases in all expenses. Mainly 10% increase in cost of sales, 4% increase in operating expenses and 2% increase in financial expenses.

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

A radical change took place in 2001. Despite the fact that the cost of sales had risen from 77% to 85.3%, yet the net income increased from 15 to 8.4%. One of the main factors in this increase is the decrease in Finnacial expenses. It decreased from 2.4 % to 1.2 %.

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

The cost of sales continued to decrease in 2002. It went down from 85.3% to 77.2. Althoughthere has been a decrease in cost of sales, net income has descreased as well. This fall in net income level can be explained by the 0.3% increase in finnacial expense.

Banvit trent persentages

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
C.O.G .S	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Gross Profit	11,871,573	16,006,772	16,401,046	14,114,769	35,358,482
	1998	1999	2000	2001	2002
Net Sales	% 100	% 133,3	% 279,3	% 454,5	% 636,4
C.O.G .S	% 100	% 209,8	% 376,9	% 686,5	% 870,5
Gross Profit	%100	% 134,8	% 138,1	% 118,8	% 297,8

According to the trend percentages, there has been an increase in both net sales and cost of goods sold between the years 1998 and 2002. Unfortunately, we can not say the same for the gross profit. There had been a decrease in gross profit in 2001.

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	81,028,351	52,028,168	29,042,360	29,100,183	0,55	22,985,808	0,79
Net Income	904,490	7,629,245	6,585,670	-6,724,755	0,88	1,043,575	0,158

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	184,831,143	132,009,160	81,128,351	52,821,983	0,40	50,880,809	0,627
Net Income	3,295,219	10,852,033	904,490	-7,556,814	-0,49	9,947,543	0,1099

According to dollar and percentage changes, Net Sales had fallen during the period between 1998 and 2000 and this was followed by a steady increase in 2002.Unfortunately the company could not keep up the increase and there had been a decrease in year 2002.

Ratio Analysis.

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

According to general believes in business world professionals of financial anaysis the quick ratio should be at least 1 to1 the firm performs quick ratio which is good between 1998-2000. but the firms start to tecline 1,0by the year 2001. all ratios that are under 1,0 shows the company is weak in short- term debt paying ağabeylity

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

Debt ratio shows what proportion of total assets is convert by debts, so high rate means high debts. The lower rate is more useful. The firm reports show increasing trend ratio in that ratio until 2001 but in 2002 the ratio starts to decrease by 0.644. This means that the lower ratio is more preferable.

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7 .915	9.235	9.450	7.634

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily

increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	**1999**	**2000**	**2001**	**2002**
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

Days to sell average inventory describes in how many days the company sell its inventory and convert them into cash or A/R we see that the company managers to sell its inventory and convert them into cash or account receviables more longer than past years.

	1998	**1999**	**2000**	**2001**	**2002**
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	-17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

When we analyze the company reports we observe that the company achives between, %0.20 and %0.40 but the rate increase from 0.10 by to 0.1913 between 2001 and 2002.

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

The company was collect its account receivables in 15,7 days in 1999 now its collects the accounts receivables in 28,7 days in 2002 this means that it takes more time for the company to collect the account receivables in 2002 than past years

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

The operating cycle is 61.8 in 1999. It is increasing steadily until 2002 and reaches 76.51 days in 2002. This shows that the company requires more days to convert the inventory into cash which is an unfavourable trend.

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32,441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,540	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	**1999**	**2000**	**2001**	**2002**
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

Net Income As a Percentages of Sales Shows what proprotion of net sales is reported as net income. Here higher the percentage higher the income from sales. In 1998 the percentage is 0.226 but it decreases steadily until 2001 but in 2002 the ratio starts to increase by 0.0178.

V.LIMITATION.

Banvit company is one of the most succesful Turkish companis, which operates globally.However as in many companies it is possible to hve difficulties in reaching details. Financial information about the company. The company has a well designed web site of company. May be the most important document- annual report for the investors is not available on the site of the company. For this reason the important relationship and explanations of the changes in the components of financial statements were difficult to find. There are some partial statements but they are not useful for analysis since the Turkish accounting system. However it become possible to reach the financial of the company necessary for anaysis by the help of other limited resources, such as web sites of a few investment asistance companies.

CONCLUSION AND RECOMMENDATION.

Financial statement analysis to allow users to make informed judgementsabout a company's financial position and performance when measured against trends of the company itself and when compared to other companies in the economy. İt is important that you understand that this is an introduction. The preparation of the financial statements is not the first step in the accounting process, but it is convenient point to brgin the study of accounting. The financial statements are the means of conveying to management and to interested outsiders aconcise Picture of the profitability and financial position of the business. Since these financial statement are in a sense the end product of the accounting proces, the student who acquires a clear understant of the content and meaning of financial statements will be in excellent position to apprentice the purpose of the earlier steps of recording and classifying business transactions. The two most widely used finansial statements are the balance sheet and the income statement. Together these two statements summarize all the information contained in the hundred or thousand of pages comparisons the detailed accounting records of a business. İn this financial statement, we shall explore the nature of the balance sheet or financial position as it is sometimes called. Once wen have become familiar with the form and arrangement of the balance sheet and with the meaning of technical terms such as asset, liabilities, and owner's equity, it will be as easy to read and understand a report an the financil position of a business as it is for an architect to read the blueprints of building.

Financial statements analysis comprises all the techniques employed by users of financial statements to show important relationship in the financial statements. Users of financial statements fall into two broad categories: internal and external. Management is the main internal user. However, because those who run a company have inside informatio on

operations other techniques are available to them. The main focus here is on the external users of financiaL statements and the analytical techniques they employ.

Creditors make loans in the form of trade acconts, notes, or bonds. They receive interes on the loans and expect them to be repaid according to specifed terms. Investors buy capital stock from which they hope to receive dividends and an increase in value. Both groups face risks. The creditor faces the risk that the deptor will fail to pay back the loan. The investor faces the risk that dividends will be reduced or not paid or that the market price of the stock will drop. For both groups the goal is the achive a return that makes up for the risk. In general, the greater the risk teken, the greater the return required as compensation.

I analaysis two companies with Four methods. These methods are:

As we know one of the most significant parameters of the Component Percentage ratio is the percentage changes in net income for the company under examination. In the light of this information, I examined the previous five years business period as regards the percentage changes in Net Income levels for both companies. Based on this puissant examination I shall conclude that that *Banvit* performed its business better than *Pinar* in terms of profitability. Following are the relative changes in both companies Net Income levels:

BANVIT PINAR

1998 22.4 % + 2.8% +

1999 14.1% + 14.% +

2000 1 % + 3.1% +

2001 8.4%+ 3.1%+

2002 2.4%+ 1.3% +

As the above table clearly demonstrates, one can easily infer that *Banvit* performed much better than Pinar between the five years period beginning 1998 and ending 2002.

According to Trent Percentage, I can deduce that Banvit's values are higher than the values Pinar has. The main reason for this can be summarised as Banvit's increase trents are higher than Pinar's Increase trends. Please see appendices for detailed information regarding both companies increase trends.

When I examine the Dollar & Percentage changes, I also undergo that Banvit again demonstrates a better performance in comparison to Pinar. We again arrive in this conclusion by simply looking at percentage increase changes. For example; in 1999 and 1998, Banvit's percentage increase is 0.79% whereas Pinar has retained only 0.46% over the same period. Hence we can say that Banvit is more successful than Pinar. The full list of increase percentages can be also found in the appendices.

In doing Ration Analysis for both Pinar and Banvit companies, I used four different ration analyses. These can be listed as :

a. Liquidity Ratio
b. Leverage Ratio
c. Activity Ratio
d. Profitability Ratio

According to *Liquidity Ratio*, Banvit's short term dept paying ability is better than Pinar. This is derived by looking at the parameters which create the Liquidity Ratio. These parameters are current ratio, quick ratio, working capital ratio. When we examine the past years values in

respect of these ratios, we can again conclude that Banvit has performed better business than Pinar.

According to leverage ratio, as it is in Liquidity ratio, Banvit has a less short term credit risk than pinar has. When we look at Activity Ratio, Surprisingly Pinar has better Activity Ratio parameters than Banvit has. Finally when we examine profitability Ratio values, especially in the last few years Banvit has performed extremely well, in comparison to Pinar, as regards its achievements in activity ratios. This I can say after examining relatively the gross Profit Margins, Net Operating Margins, Return on Assets, and Return on Equity ratios for both companies.

As a result, I can state that, based on the values obtained by comparison of above mentioned ratios, *Banvit* has performed batter than *Pinar* did.

The rate of pınar is not greater since it achives very well but may be its better than banvit since banvit performs badly in turnover rate. Banvit must improve its ability to collect the receivables with in a short period. The possible solution for this problem may be making credit sales with shorter maturities. These processes may enable banvit to increase cash-flow in and as a consequence help to liquidity to increase.

REFERENCES

1- Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

2- Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

3- Accunting the Basis of Business Decision, 1998,8th ed. 82-89

4- Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

5- Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

6- Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

7- www.imkb.gov.tr

8- www.banvit.com.

9- www.borsa.net.

10- www.analiz.com

11- www.pınar.com

12- www.investopedia.com

13- www.borsadirect .com.

14- www.foreks.com

APPENDIX 1

	1999	%	1998	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67,0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15,6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

BANVİT TRENT PERCENTAGE

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
C.O.G .S	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Gross Profit	11,871,573	16,006,772	16,401,046	14,114,769	35,358,482
	1998	1999	2000	2001	2002
Net Sales	% 100	% 133,3	% 279,3	% 454,5	% 636,4
C.O.G .S	% 100	% 209,8	% 376,9	% 686,5	% 870,5
Gross Profit	%100	% 134,8	% 138,1	% 118,8	% 297,8

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	81,028,351	52,028,168	29,042,360	29,100,183	0,55	22,985,808	0,79
Net Income	904,490	7,629,245	6,585,670	-6,724,755	0,88	1,043,575	0,158

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	184,831,143	132,009,160	81,128,351	52,821,983	0,40	50,880,809	0,627
Net Income	3,295,219	10,852,033	904,490	-7,556,814	- 0,49	9,947,543	0,1099

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	11,829,173	20272,567	40,872,625	95,319,468	110,997,592
Total Assets	22,707,971	35,968,274	66,826,179	122,229,135	153,651,101
Debt Ratio	0.5209	0.5636	0.6116	0.7798	0.7224

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7 .915	9.235	9.450	7.634

	1998	1999	2000	2001	2002
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	--17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Ney Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32,441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,540	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

FINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
I. CURRENT ASSETS	12,972,166	-
A.LIQUID ASSETS	3,296,972	-
1. Cash	56,775	-
2. Banks	3,103,251	-
3. Other liquid assets	136,946	-
B. MARKETABLE SECURITIES	4,442,195	-
1. Share stocks	0	-
2. Private sector bills, notes and bonds	987,139	-
3. Government bonds and Treasury bills	3,455,056	-
4. Other marketable securities	0	-
5. Provision for diminution in value of market	0	-
C. SHORT-TERM TRADE RECEIVABLES	1,562,626	-
1. Customers	1,575,144	-
2. Notes receivable	1,457	-
3. Deposits and guarantes given	0	-
4. Other short-term trade receivables	0	-
5. Rediscount of notes receivable (-)	-11,376	-
6. Provision for doubtful receivables (-)	-2,599	-
D. OTHER SHORT-TERM TRADE RECEIVABLES	37,553	-
1. Due from shareholders	0	-
2. Due from investments	1,957	-
3. Due from subsidiaries	0	-
4. Other short-term receivables	35,596	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
E. INVENTORIES	3,413,966	-
1. Raw materials	596,506	-
2. Semi-finished goods	1,210,027	-
3. Work in progress	0	-
4. Finished goods	434,639	-
5. Commercial goods	9,875	-
6. Other inventories	0	-
7. Provision for diminution in value of invent	0	-
8. Order advances given	1,162,919	-
F. OTHER CURRENT ASSETS	218,854	-
II. NON-CURRENT ASSETS	3,251,925	-
A. LONG-TERM TRADE RECEIVABLES	491	-
1. Customers	0	-
2. Notes receivable	0	-
3. Deposits and guarantes given	491	-
4. Other long-term trade receivables	0	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
B. OTHER LONG-TERM TRADE RECEIVABLES	13,241	-
1. Due from shareholders	0	-
2. Due from investments	0	-
3. Due from subsidiaries	0	-
4. Other long-term receivables	13,241	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
C. FINANCIAL ASSETS	84,844	-
1. Marketable securities issued by subsidiarie	0	-

2. Provision for diminution in value of market	0	-
3. Investments	20,000	-
4. Capital commitments to investments	0	-
5. Provision for diminution in value of invest	0	-
6. Subsidiaries	64,844	-
7. Capital commitments to subsidiaries (-)	0	-
8. Provision for diminution in value of subsid	0	-
9. Other non-current financial assets	0	-
D. FIXED ASSETS	3,082,149	-
1. Land	174,257	-
2. Land improvements	52,939	-
3. Buildings	984,465	-
4. Machinery and equipment	2,448,506	-
5. Motor vehicles	79,843	-
6. Furniture and fixtures	548,157	-
7. Other fixed assets	874,618	-
8. Accumulated depreciation (-)	-2,652,815	-
9. Construction in progress	546,772	-
10. Order advances given	25,407	-
E. INTANGIBLE ASSETS	39,109	-
1. Establishment cost (net)	0	-
2. Rights	0	-
3. Research and development expenses	0	-
4. Other intangible assets	39,109	-
5. Advances gives	0	-
F. OTHER NON-CURRENT ASSETS	32,091	-
TOTAL ASSETS	16,224,091	-
I. CURRENT LIABILITIES	6,034,995	-
A. SHORT-TERM BORROWINGS	61,887	-
1. Bank borrowings	59,890	-
2. Principal installments and interest on long	1,997	-
3. Principal installments and interest on bill	0	-
4. Notes and bonds issued	0	-
5. Other short-term borrowings	0	-
B. TRADE PAYABLES	2,666,667	-
1. Suppliers	2,678,327	-
2. Notes payable	0	-
3. Deposits and guarantees received	0	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	-11,660	-
C. OTHER CURRENT LIABILITIES	661,613	-
1. Due to shareholders	2,393	-
2. Due to investments	0	-
3. Due to subsidiaries	297,531	-
4. Accrued expenses	0	-
5. Witholdings payable	225,028	-
6. Deferred payables to government	0	-
7. Other short-term liabilities	136,661	-
8. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	288,039	-
E. ALLOWANCE FOR PAYABLES AND EXPENSES	2,356,789	-
1. Provision for taxes	2,337,960	-
2. Provision for payables and accruels	18,829	-
II. LONG-TERM LIABILITIES	1,251,095	-

A. LONG-TERM BORROWINGS	510	-
1. Bank borrowings	510	-
2. Bonds issued	0	-
3. Other marketable securities issued	0	-
4. Other long-term borrowings	0	-
B. TRADE PAYABLES	724,762	-
1. Suppliers	788,895	-
2. Notes payable	0	-
3. Deposits and guarantees received	0	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	-64,133	-
C. OTHER LONG-TERM BORROWINGS	0	-
1. Due to shareholders	0	-
2. Due to investments	0	-
3. Due to subsidiaries	0	-
4. Deferred payables to government	0	-
5. Other long-term borrowings	0	-
6. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	0	-
E. PROVISION FOR PAYABLES AND EXPENSES	525,823	-
1. Provision for retirement pay	525,823	-
2. Provision for other payables and accruels	0	-
III. SHAREHOLDERS' EQUITY	8,938,001	-
A. SHARE CAPITAL	1,500,000	-
B. CAPITAL COMMITMENTS (-)	0	-
C. SHARE PREMIUM	2,662	-
D. REVALUATION SURPLUS	645,288	-
1. Revaluation surplus on fixed assets	643,288	-
2. Revaluation surplus on investments	2,000	-
3. Revaluation surplus on common stocks	0	-
E. RESERVES	204,381	-
1. Legal reserves	198,149	-
2. Statutory reserves	0	-
3. Special reserves	0	-
4. Extraordinary reserves	6,232	-
5. Cost increase fund	0	-
6. Fixed assets and investment sales income to	0	-
F. NET INCOME FOR THE PERIOD	6,585,670	-
G. LOSS FOR THE PERIOD (-)	0	-
H. PRIOR YEAR LOSSES (-)	0	-
I. PREVIOUS YEAR LOSSES (-)	0	-
1. ....year losses	0	-
2. ....year losses	0	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,224,091	-
A. GROSS SALES	29,854,576	-
1. Domestic sales	29,177,330	-
2. Exports	546,880	-
3. Other sales	130,365	-
B. SALES DEDUCTIONS (-)	-812,215	-
1. Sales returns (-)	-223,373	-
2. Sales discounts (-)	-588,842	-
3. Other deductions (-)	0	-
C. NET SALES	29,042,360	-
D. COST OF SALES (-)	-17,170,788	-

GROSS PROFIT (LOSS)	11,871,573	-
E. OPERATING EXPENSES (-)	-3,732,811	-
1. Research and development expenses (-)	0	-
2. Selling ana marketing expenses (-)	-2,487,908	-
3. General and admiinistrative expenses (-)	-1,244,903	-
PROFIT (LOSS) FROM MAIN OPERATIONS	8,138,762	-
F. INCOME AND PROFIT FROM OTHER OPERATIONS	2,334,767	-
1. Dividends from investments	8,600	-
2. Dividends from subsidiaries	122,944	-
3. Interest and other dividend income	1,742,646	-
4. Other operating income and profits	460,577	-
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-644,118	-
H. FINANCIAL EXPENSES (-)	-310,091	-
1. Short-term financial expenses	-305,792	-
2. Long-term financial expenses	-4,299	-
OPERATING PROFIT (LOSS)	9,519,320	-
I. EXTRAORDINARY INCOME AND PROFITS	9,246	-
1. Reversal of provisions	0	-
2. Prior year income and profit	0	-
3. Other extraordinary income and profit	9,246	-
J. EXTARORDINARY EXPENSES AND LOSSES	-604,936	-
1. Idle division expenses and losses	-71,471	-
2. Prior year expenses and losses	-35,463	-
3. Other extraordinary expenses and losses	-498,002	-
INCOME BEFORE TAXATION	8,923,630	-
K. TAXATION AND OTHER LEGAL LIABILITIES	-2,337,960	-
NET INCOME (LOSS)	6,585,670	

FINANCIAL STATEMENTS (Million TL)*	1999 4.Period	2000 4.Period
I. CURRENT ASSETS	21,440,564	34,216,826
A.LIQUID ASSETS	5,750,864	11,902,406
1. Cash	180,484	442,502
2. Banks	5,294,288	7,827,186
3. Other liquid assets	276,092	3,632,718
B. MARKETABLE SECURITIES	3,995,415	3,409,375
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	3,409,298	3,409,375
4. Other marketable securities	586,117	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	2,899,450	4,714,515
1. Customers	2,913,836	4,765,644
2. Notes receivable	0	0
3. Deposits and guarantes given	0	0
4. Other short-term trade receivables	0	0
5. Rediscount of notes receivable (-)	-11,855	-48,598
6. Provision for doubtful receivables (-)	-2,531	-2,531
D. OTHER SHORT-TERM TRADE RECEIVABLES	153,249	4,750,481
1. Due from shareholders	0	26,457
2. Due from investments	0	0
3. Due from subsidiaries	0	0

4. Other short-term receivables	153,249	7,664,333
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	-2,940,309
E. INVENTORIES	5,687,536	8,329,044
1. Raw materials	1,340,721	1,862,244
2. Semi-finished goods	2,458,712	3,829,391
3. Work in progress	0	0
4. Finished goods	1,231,147	1,610,779
5. Commercial goods	8,264	25,925
6. Other inventories	0	0
7. Provision for diminution in value of invent	0	0
8. Order advances given	648,692	1,000,705
F. OTHER CURRENT ASSETS	2,954,050	1,111,005
II. NON-CURRENT ASSETS	8,417,411	16,941,078
A. LONG-TERM TRADE RECEIVABLES	1,299	1,597
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	1,299	1,597
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	14,291	14,986
1. Due from shareholders	0	0
2. Due from investments	0	0
3. Due from subsidiaries	0	0
4. Other long-term receivables	14,291	14,986
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	116,926	1,092,619
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	20,000	26,600
4. Capital commitments to investments	0	0
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	96,926	1,066,019
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	7,933,516	15,127,087
1. Land	249,750	512,679
2. Land improvements	124,077	243,737
3. Buildings	1,849,196	3,256,343
4. Machinery and equipment	7,105,703	14,228,100
5. Motor vehicles	180,052	484,954
6. Furniture and fixtures	1,086,740	2,012,984
7. Other fixed assets	1,335,828	1,482,707
8. Accumulated depreciation (-)	-5,979,544	-12,454,304
9. Construction in progress	1,673,418	4,274,236
10. Order advances given	308,296	1,085,651
E. INTANGIBLE ASSETS	327,875	610,230
1. Establishment cost (net)	0	0
2. Rights	8,924	29,692
3. Research and development expenses	0	0
4. Other intangible assets	318,951	580,538

5. Advances gives	0	0
F. OTHER NON-CURRENT ASSETS	23,504	94,559
TOTAL ASSETS	29,857,975	51,157,904
I. CURRENT LIABILITIES	9,996,305	15,346,334
A. SHORT-TERM BORROWINGS	510	0
1. Bank borrowings	0	0
2. Principal installments and interest on long	510	0
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	5,867,968	11,363,842
1. Suppliers	5,921,402	11,485,141
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-53,434	-121,299
C. OTHER CURRENT LIABILITIES	780,445	1,782,373
1. Due to shareholders	258	19,667
2. Due to investments	0	0
3. Due to subsidiaries	77,963	0
4. Accrued expenses	0	0
5. Witholdings payable	496,526	516,523
6. Deferred payables to government	0	0
7. Other short-term liabilities	205,698	1,246,183
8. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	139,422	118,819
E. ALLOWANCE FOR PAYABLES AND EXPENSES	3,207,960	2,081,300
1. Provision for taxes	3,181,070	1,238,576
2. Provision for payables and accruels	26,890	842,724
II. LONG-TERM LIABILITIES	3,729,208	13,936,598
A. LONG-TERM BORROWINGS	0	6,750,040
1. Bank borrowings	0	6,750,040
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	2,611,659	5,452,214
1. Suppliers	2,897,731	6,108,638
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-286,072	-656,424
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	1,117,549	1,734,344
1. Provision for retirement pay	1,117,549	1,734,344
2. Provision for other payables and accruels	0	0
III. SHAREHOLDERS' EQUITY	16,132,462	21,874,972
A. SHARE CAPITAL	6,000,000	9,026,000

B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	2,662	3,160,786
D. REVALUATION SURPLUS	1,625,041	4,819,399
1. Revaluation surplus on fixed assets	1,623,041	4,508,297
2. Revaluation surplus on investments	2,000	311,102
3. Revaluation surplus on common stocks	0	0
E. RESERVES	875,510	3,964,297
1. Legal reserves	554,725	1,084,950
2. Statutory reserves	0	0
3. Special reserves	0	0
4. Extraordinary reserves	320,785	2,879,347
5. Cost increase fund	0	0
6. Fixed assets and investment sales income to	0	0
F. NET INCOME FOR THE PERIOD	7,629,249	904,490
G. LOSS FOR THE PERIOD (-)	0	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	0
1. ....year losses	0	0
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,857,975	51,157,904
A. GROSS SALES	53,656,376	84,069,932
1. Domestic sales	52,895,955	82,897,988
2. Exports	622,148	987,256
3. Other sales	138,273	184,688
B. SALES DEDUCTIONS (-)	-1,628,208	-2,941,581
1. Sales returns (-)	-516,254	-1,028,077
2. Sales discounts (-)	-1,111,954	-1,913,504
3. Other deductions (-)	0	0
C. NET SALES	52,028,168	81,128,351
D. COST OF SALES (-)	-36,021,396	-64,727,305
GROSS PROFIT (LOSS)	16,006,772	16,401,046
E. OPERATING EXPENSES (-)	-8,065,596	-16,433,487
1. Research and development expenses (-)	0	0
2. Selling ana marketing expenses (-)	-5,298,829	-9,049,601
3. General and admiinistrative expenses (-)	-2,766,767	-7,383,886
PROFIT (LOSS) FROM MAIN OPERATIONS	7,941,176	-32,441
F. INCOME AND PROFIT FROM OTHER OPERATIONS	7,363,858	6,181,895
1. Dividends from investments	5,000	7,700
2. Dividends from subsidiaries	126,060	1,554
3. Interest and other dividend income	4,070,151	3,994,039
4. Other operating income and profits	3,162,647	2,178,602
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-2,208,857	-2,675,243
H. FINANCIAL EXPENSES (-)	-366,302	-1,314,591
1. Short-term financial expenses	-364,735	-1,162,731
2. Long-term financial expenses	-1,567	-151,860
OPERATING PROFIT (LOSS)	12,729,875	2,159,620
I. EXTRAORDINARY INCOME AND PROFITS	12,878	414,933
1. Reversal of provisions	355	0
2. Prior year income and profit	0	0
3. Other extraordinary income and profit	12,523	414,933
J. EXTARORDINARY EXPENSES AND LOSSES	-1,932,434	-431,487
1. Idle division expenses and losses	-507,533	0
2. Prior year expenses and losses	-104,750	-145,580
3. Other extraordinary expenses and losses	-1,320,151	-285,907

INCOME BEFORE TAXATION	10,810,319	2,143,066
K. TAXATION AND OTHER LEGAL LIABILITIES	-3,181,070	-1,238,576
NET INCOME (LOSS)	7,629,249	904,490

FINANCIAL STATEMENTS (Million TL)*	2001 4.Period	2002 4.Period
I. CURRENT ASSETS	37,829,660	53,512,703
A.LIQUID ASSETS	6,013,967	7,039,774
1. Cash	301,675	370,966
2. Banks	980,170	5,159,641
3. Other liquid assets	4,732,122	1,509,167
B. MARKETABLE SECURITIES	347,000	0
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	347,000	0
4. Other marketable securities	0	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	10,261,362	18,358,631
1. Customers	10,363,609	18,698,344
2. Notes receivable	0	15,450
3. Deposits and guarantes given	0	0
4. Other short-term trade receivables	0	0
5. Rediscount of notes receivable (-)	-96,338	-113,478
6. Provision for doubtful receivables (-)	-5,909	-241,685
D. OTHER SHORT-TERM TRADE RECEIVABLES	3,337,871	3,967,982
1. Due from shareholders	120,816	111,268
2. Due from investments	0	0
3. Due from subsidiaries	17,184,185	19,341,335
4. Other short-term receivables	121,973	87,786
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	-14,089,103	-15,572,407
E. INVENTORIES	16,620,300	22,535,429
1. Raw materials	3,741,546	4,245,962
2. Semi-finished goods	6,987,222	10,059,628
3. Work in progress	0	0
4. Finished goods	4,475,741	6,840,086
5. Commercial goods	36,341	36,504
6. Other inventories	0	0
7. Provision for diminution in value of invent	0	0
8. Order advances given	1,379,450	1,353,249
F. OTHER CURRENT ASSETS	1,249,160	1,610,887
II. NON-CURRENT ASSETS	45,391,797	55,620,064
A. LONG-TERM TRADE RECEIVABLES	2,312	2,880
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	2,312	2,880
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	15,358	16,351
1. Due from shareholders	0	0
2. Due from investments	0	0
3. Due from subsidiaries	0	0

4. Other long-term receivables	15,358	16,351
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	2,196,530	3,093,876
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	26,600	26,600
4. Capital commitments to investments	0	0
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	2,169,930	3,090,642
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	-23,366
9. Other non-current financial assets	0	0
D. FIXED ASSETS	39,201,261	50,331,116
1. Land	625,934	625,934
2. Land improvements	688,984	1,557,068
3. Buildings	11,281,235	18,535,611
4. Machinery and equipment	49,473,367	80,898,678
5. Motor vehicles	791,877	1,058,412
6. Furniture and fixtures	3,109,767	4,759,806
7. Other fixed assets	2,533,771	7,924,318
8. Accumulated depreciation (-)	-33,205,878	-69,211,952
9. Construction in progress	3,049,560	4,183,241
10. Order advances given	852,644	0
E. INTANGIBLE ASSETS	3,907,720	2,119,585
1. Establishment cost (net)	0	0
2. Rights	2,452,106	74,119
3. Research and development expenses	0	0
4. Other intangible assets	1,455,614	2,045,466
5. Advances gives	0	0
F. OTHER NON-CURRENT ASSETS	68,616	56,256
TOTAL ASSETS	83,221,457	109,132,767
I. CURRENT LIABILITIES	30,424,883	40,535,642
A. SHORT-TERM BORROWINGS	5,209,781	16,527,568
1. Bank borrowings	0	3,657,377
2. Principal installments and interest on long	5,209,781	12,870,191
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	22,359,475	17,940,062
1. Suppliers	20,994,842	16,170,838
2. Notes payable	1,446,510	1,642,384
3. Deposits and guarantees received	28,930	32,848
4. Other trade payables	0	103,699
5. Rediscount of notes payable (-)	-110,807	-9,707
C. OTHER CURRENT LIABILITIES	1,281,051	1,699,963
1. Due to shareholders	8,420	7,350
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	0	0
5. Witholdings payable	1,259,788	1,257,919
6. Deferred payables to government	0	0
7. Other short-term liabilities	12,843	434,694
8. Rediscount of notes payable (-)	0	0

D. ADVANCES RECEIVED	399,462	1,543,385
E. ALLOWANCE FOR PAYABLES AND EXPENSES	1,175,114	2,824,664
1. Provision for taxes	544,651	2,001,196
2. Provision for payables and accruels	630,463	823,468
II. LONG-TERM LIABILITIES	37,577,425	29,852,357
A. LONG-TERM BORROWINGS	24,108,499	24,869,012
1. Bank borrowings	24,108,499	24,869,012
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	10,841,888	807,249
1. Suppliers	9,129,850	0
2. Notes payable	2,169,765	821,192
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-457,727	-13,943
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	2,627,038	4,176,096
1. Provision for retirement pay	2,507,988	4,176,096
2. Provision for other payables and accruels	119,050	0
III. SHAREHOLDERS' EQUITY	15,219,149	38,744,768
A. SHARE CAPITAL	9,026,000	9,026,000
B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	3,160,786	3,160,786
D. REVALUATION SURPLUS	9,530,215	29,714,286
1. Revaluation surplus on fixed assets	9,219,114	29,403,185
2. Revaluation surplus on investments	311,101	311,101
3. Revaluation surplus on common stocks	0	0
E. RESERVES	4,354,181	4,400,510
1. Legal reserves	1,138,315	1,138,315
2. Statutory reserves	0	0
3. Special reserves	0	0
4. Extraordinary reserves	3,215,866	3,215,866
5. Cost increase fund	0	46,329
6. Fixed assets and investment sales income to	0	0
F. NET INCOME FOR THE PERIOD	0	3,295,219
G. LOSS FOR THE PERIOD (-)	-10,852,033	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	-10,852,033
1. ....year losses	0	-10,852,033
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	83,221,457	109,132,767
A. GROSS SALES	139,278,259	195,067,166
1. Domestic sales	134,952,030	189,496,231
2. Exports	3,916,712	5,254,473
3. Other sales	409,517	316,462
B. SALES DEDUCTIONS (-)	-7,269,099	-10,236,023

1. Sales returns (-)	-2,960,830	-4,305,950
2. Sales discounts (-)	-4,308,269	-5,930,073
3. Other deductions (-)	0	0
C. NET SALES	132,009,160	184,831,143
D. COST OF SALES (-)	-117,894,391	-149,472,661
GROSS PROFIT (LOSS)	14,114,769	35,358,482
E. OPERATING EXPENSES (-)	-30,303,797	-26,389,550
1. Research and development expenses (-)	-78,274	-99,392
2. Selling ana marketing expenses (-)	-12,887,151	-17,800,293
3. General and admiinistrative expenses (-)	-17,338,372	-8,489,865
PROFIT (LOSS) FROM MAIN OPERATIONS	-16,189,028	8,968,932
F. INCOME AND PROFIT FROM OTHER OPERATIONS	25,135,294	19,296,046
1. Dividends from investments	11,000	10,450
2. Dividends from subsidiaries	15,841	13,228
3. Interest and other dividend income	9,549,911	6,111,246
4. Other operating income and profits	15,558,542	13,161,122
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-17,573,746	-20,717,972
H. FINANCIAL EXPENSES (-)	-1,696,503	-2,401,985
1. Short-term financial expenses	-1,696,503	-838,104
2. Long-term financial expenses	0	-1,563,881
OPERATING PROFIT (LOSS)	-10,323,983	5,145,021
I. EXTRAORDINARY INCOME AND PROFITS	204,425	5,166,052
1. Reversal of provisions	0	5,028,858
2. Prior year income and profit	0	38,350
3. Other extraordinary income and profit	204,425	98,844
J. EXTARORDINARY EXPENSES AND LOSSES	-187,824	-5,014,658
1. Idle division expenses and losses	0	0
2. Prior year expenses and losses	-187,824	-161,867
3. Other extraordinary expenses and losses	0	-4,852,791
INCOME BEFORE TAXATION	-10,307,382	5,296,415
K. TAXATION AND OTHER LEGAL LIABILITIES	-544,651	-2,001,196
NET INCOME (LOSS)	-10,852,033	3,295,219

APPENDIX 2

	1999	%	1998	%
Gross Sales	70,641,740	100	47,643,793	100
Sales Deduction (-)	10,379,531	14,6	6,523,212	13,6
Net Sales	60,262,209	85,3	41,120,581	86,3
Cost of Sales (-)	49,144,990	69,5	33,936,986	71,2
Gross Profit (loss)	11,117,219	15,7	7,183,595	15,1
Operating Expenses (-)	4,740,418	06,7	2,571,543	05,3
Profit (loss) from Main Operattion	6,376801	09,0	4,612,052	09,6
Income And Profit From Other Operations	1,262,853	01,7	447,147	0,9
Expensess and Losess From Other Operations (-)	172,618	0,24	190,113	0,3
Financial Expenses (-)	4,851,030	06,8	3,069,293	06,4
Operating Profit (loss)	2,616,006	03,7	1,799,793	03,7
Extra Ordinary Income And Profits	10,135,	0,01	23,118	0,04
Extra Ordinary Expenses And Losses (-)	914,460	01,2	11,613	0,02
Income Before Taxation	1,711,681	02,4	1,811,298	03,8
Taxation And Other Legal Liabilities (-)	577,385	0,81	481,684	01,0
Net Income (-)	1,134,296	14,8	1,329,614	02,8

	2000	%	1999	%
Gross Sales	109,554,540	100	70,641,740	100
Sales Deduction (-)	17,526,287	15,9	10,379,531	14,6
Net Sales	92,028,253	84,0	60,262,209	85,3
Cost of Sales (-)	74,858,561	68,3	49,144,990	69,5
Gross Profit (loss)	17,169,692	15,6	11,117,219	15,7
Operating Expenses (-)	10,074,690	09,1	4,740,418	06,7
Profit (loss) from Main Operattion	7,095,002	06,4	6,376801	09,0
Income And Profit From Other Operations	1,786,016	01,6	1,262,853	01,7
Expensess and Losess From Other Operations (-)	284,955	0,26	172,618	0,24
Financial Expenses (-)	3,262,503	02,9	4,851,030	06,8
Operating Profit (loss)	5,333,560	04,8	2,616,006	03,7
Extra Ordinary Income And Profits	66,238	0,06	10,135,	0,01
Extra Ordinary Expenses And Losses (-)	56,973	0,05	914,460	01,2
Income Before Taxation	5,345,825	04,8	1,711,681	02,4
Taxation And Other Legal Liabilities (-)	1,935,608	01,76	577,385	0,81
Net Income (-)	3,410,217	03,1	1,134,296	14,8

	2001	%	2000	%
Gross Sales	140,230,770	100	109,554,540	100
Sales Deduction (-)	22,505,042	16,04	17,526,287	15,9
Net Sales	117,725,728	83,9	92,028,253	84,0
Cost of Sales (-)	100,879,360	71,9	74,858,561	68,3
Gross Profit (loss)	16,846,368	12,01	17,169,692	15,6
Operating Expenses (-)	11,188,367	07,9	10,074,690	09,1
Profit (loss) from Main Operattion	5,658,001	04,0	7,095,002	06,4
Income And Profit From Other Operations	33,006,826	23,53	1,786,016	01,6
Expensess and Losess From Other Operations (-)	1,132,211	0,80	284,955	0,26
Financial Expenses (-)	41,951,483	29,9	3,262,503	02,9
Operating Profit (loss)	4,418,867	03,1	5,333,560	04,8
Extra Ordinary Income And Profits	76,973	0,05	66,238	0,06
Extra Ordinary Expenses And Losses (-)	22,967	0,01	56,973	0,05
Income Before Taxation	4,364,841	03,1	5,345,825	04,8
Taxation And Other Legal Liabilities (-)	0	0	1,935,608	01,76
Net Income (-)	4,364,861	03,1	3,410,217	03,1

	2002	%	2001	%
Gross Sales	192,688,407	100	140,230,770	100
Sales Deduction (-)	27,542,419	14,2	22,505,042	16,04
Net Sales	165,145,988	85,7	117,725,728	83,9
Cost of Sales (-)	137,280,950	71,2	100,879,360	71,9
Gross Profit (loss)	27,865,038	14,4	16,846,368	12,01
Operating Expenses (-)	18,680,466	09,6	11,188,367	07,9
Profit (loss) from Main Operattion	9,184,572	04,7	5,658,001	04,0
Income And Profit From Other Operations	21,329,856	11,0	33,006,826	23,53
Expensess and Losess From Other Operations (-)	1,533,775	0,79	1,132,211	0,80
Financial Expenses (-)	25,653,135	13,31	41,951,483	29,9
Operating Profit (loss)	3,327,012	01,7	4,418,867	03,1
Extra Ordinary Income And Profits	231,750	0,12	76,973	0,05
Extra Ordinary Expenses And Losses (-)	45,799	0,02	22,967	0,01
Income Before Taxation	3,512,963	01,8	4,364,841	03,1
Taxation And Other Legal Liabilities (-)	833,501	0,43	0	0
Net Income (-)	2,679,462	01,3	4,364,861	03,1

PINAR TREND PERCENTAGES

	1998	1999	2000	2001	2002
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
C.O.G .S	33,936,986	49,144,990	74,858,561	100,879,360	137,280,950
Gross Profit	7,183,595	11,117,219	17,169,692	16,846,368	27,865,038

	1998	1999	2000	2001	2002
Net Sales	% 100	% 146,58	% 223,80	% 286,29	% 401,61
C.O.G .S	% 100	% 144,81	% 220,58	% 297,25	% 404,51
Gross Profit	% 100	% 154,75	% 239,01	% 234,51	% 387,89

PINAR DOLLAR AND PERCENTAGES CHANGES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	92,028,253	60,262,209	41,120,581	31,766,044	0,345	19,141,628	0,46
Net Income	3,410,217	1,134,295	1,329,614	2,275,921	2,00	-1,195318	0,15

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	165,145,988	117,725,728	92,028,253	47,420,260	0,40	25,697,475	0,27
Net Income	2,679,462	4,364,861	3,410,217	-1,685,399	0,39	954,644	0,28

	1998	1999	2000	2001	2002
Current Asset	10,801,786	18,435,205	37,052,964	61,184,545	75,039,593
Current Liabilities	4,458,500	8,959,713	23,212,993	50,485,267	65,100,472
Current Ratio	2.4227	2.0575	1.5962	1. 2119	1.1526

	1998	1999	2000	2001	2002
Quick Assets	7,972,169	14,094,903	31,498,931	47,431,925	63,516,049
Current Liabilities	4,458,500	8 959,713	23,212,993	50,485,267	65,100,472
Quick Ratio	1.7880	1.5731	1.3569	0.9369	0.9756

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	11,829,173	20272,567	40,872,625	95,319,468	110,997,592
Total Assets	22,707,971	35,968,274	66,826,179	122,229,135	153,651,101
Debt Ratio	0.5209	0.5636	0.6116	0.7798	0.7224

C.O.G.S	33,936,986	49,144,990	74,858,561	100,879,360	137,280,950
Avarage Inventory		3,584,959	4,947,167	9,653,326	12,638,082
Inventory Turnover		13.7086	15.1316	10.4502	10.8624
	1998	**1999**	**2000**	**2001**	**2002**

	1998	1999	2000	2001	2002
	365	365	365	365	365
Inventory Turnover Ratio		13.708	15.131	10.450	10.862
Avarage collective Ratio		26.6267	24.1226	34.9282	33.6033

	1998	1999	2000	2001	2002
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Total Assets	22,707,971	35,968,274	66,826,176	122,229,135	153,651,101
Total Assets Turnover	1.8108	1.6754	1.3771	0.9631	1.0748

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	7,183,595	11,117,219	17,169,682	16,846,368	27,265,038
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Gross Margin	0.1746	0.1844	0.1865	0.1430	0.1687

	1998	1999	2000	2001	2002
Operating Income	4,612,052	6,376,801	7,095,002	5,658,001	9,184,572
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Net Operating Margin	0.1121	0.1058	0.0070	0.0480	0.0556

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,504	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

	1998	1999	2000	2001	2002
Net Income	6,585,670	7,629,249	904,490	10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	0,082	0,0178

FINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
I. CURRENT ASSETS	10,801,786	-
A.LIQUID ASSETS	182,432	-
1. Cash	14,191	-
2. Banks	126,997	-
3. Other liquid assets	41,244	-
B. MARKETABLE SECURITIES	85,000	-
1. Share stocks	0	-
2. Private sector bills, notes and bonds	0	-
3. Government bonds and Treasury bills	0	-
4. Other marketable securities	85,000	-
5. Provision for diminution in value of market	0	-
C. SHORT-TERM TRADE RECEIVABLES	7,498,124	-
1. Customers	5,721,180	-
2. Notes receivable	1,836,178	-
3. Deposits and guarantes given	908	-
4. Other short-term trade receivables	14,360	-
5. Rediscount of notes receivable (-)	-73,811	-
6. Provision for doubtful receivables (-)	-691	-
D. OTHER SHORT-TERM TRADE RECEIVABLES	77,601	-
1. Due from shareholders	53,465	-
2. Due from investments	0	-
3. Due from subsidiaries	18,159	-
4. Other short-term receivables	6,126	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	-149	-
E. INVENTORIES	2,829,617	-
1. Raw materials	429,794	-
2. Semi-finished goods	815,842	-
3. Work in progress	0	-
4. Finished goods	1,374,325	-
5. Commercial goods	0	-
6. Other inventories	127,161	-
7. Provision for diminution in value of invent	0	-
8. Order advances given	82,495	-
F. OTHER CURRENT ASSETS	129,012	-
II. NON-CURRENT ASSETS	11,906,185	-
A. LONG-TERM TRADE RECEIVABLES	86	-
1. Customers	0	-
2. Notes receivable	0	-
3. Deposits and guarantes given	86	-
4. Other long-term trade receivables	0	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
B. OTHER LONG-TERM TRADE RECEIVABLES	1,462,712	-
1. Due from shareholders	0	-
2. Due from investments	0	-
3. Due from subsidiaries	1,088,032	-
4. Other long-term receivables	374,680	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
C. FINANCIAL ASSETS	1,044,938	-

1. Marketable securities issued by subsidiarie	985,050	-
2. Provision for diminution in value of market	-87,885	-
3. Investments	50,726	-
4. Capital commitments to investments	0	-
5. Provision for diminution in value of invest	0	-
6. Subsidiaries	97,047	-
7. Capital commitments to subsidiaries (-)	0	-
8. Provision for diminution in value of subsid	0	-
9. Other non-current financial assets	0	-
D. FIXED ASSETS	9,183,550	-
1. Land	341,494	-
2. Land improvements	275,422	-
3. Buildings	2,970,480	-
4. Machinery and equipment	10,535,294	-
5. Motor vehicles	1,190,158	-
6. Furniture and fixtures	1,740,669	-
7. Other fixed assets	0	-
8. Accumulated depreciation (-)	-7,930,697	-
9. Construction in progress	60,730	-
10. Order advances given	0	-
E. INTANGIBLE ASSETS	158,301	-
1. Establishment cost (net)	0	-
2. Rights	92,642	-
3. Research and development expenses	0	-
4. Other intangible assets	64,049	-
5. Advances gives	1,610	-
F. OTHER NON-CURRENT ASSETS	56,598	-
TOTAL ASSETS	22,707,971	-
I. CURRENT LIABILITIES	4,458,500	-
A. SHORT-TERM BORROWINGS	995,189	-
1. Bank borrowings	50,000	-
2. Principal installments and interest on long	945,189	-
3. Principal installments and interest on bill	0	-
4. Notes and bonds issued	0	-
5. Other short-term borrowings	0	-
B. TRADE PAYABLES	2,366,386	-
1. Suppliers	2,366,299	-
2. Notes payable	0	-
3. Deposits and guarantees received	87	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	0	-
C. OTHER CURRENT LIABILITIES	415,396	-
1. Due to shareholders	1,674	-
2. Due to investments	0	-
3. Due to subsidiaries	0	-
4. Accrued expenses	36,801	-
5. Witholdings payable	320,460	-
6. Deferred payables to government	0	-
7. Other short-term liabilities	56,461	-
8. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	550	-
E. ALLOWANCE FOR PAYABLES AND EXPENSES	680,979	-
1. Provision for taxes	481,684	-
2. Provision for payables and accruels	199,295	-

NEAR EAST UNIVERSITY

THE FACULTY OF ECONOMICS
&
AND ADMINSTRATIVE SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATIVE

GRADUATION PROJECT

Comperative Financial Statement Analysis of BANVIT and PINAR

Submitted by

MUSTAFA ONUR AYDIN

Submitted to

MEHMET AĞA

Nicosia- Sept. 3th 2003

ABSRACT

Financial statement analysis is a tool that helps the analysis's and investors to make decision by using useful information . And also it helps the investors to understand the key trends and relationship which gives clear understanding of all the financial activities. With the help of classified financial statement analysis certain types of financial activities are recorded and placed together in a group from which in turns help the users to develop useful subtotals and indicators. Whereas comparative financial statements give summary of several years activities so that investors can easily compare the changing trends.

My aim in project is to analyses financial statement of Banvit for last five years and compare the current performance with past performance of Banvit .And also to compare the current position of Banvit with only competitor Pınar. Banvit is one of the top fifty companies in I.M.K.B when we make these analyze we take on help from financial books, accounting books, İstanbul Stok Exchange market companies books. And also we will use İstanbul Stok Exchange Market's web site that is www.ise.gov.tr

TABLE OF CONTENT

INTRODUCTION

In today's economy, incestment capital is always on the move. Through organized capital markets such as the Istanbul Stok Exchang, investors each day shift billions of investment Turkish Liras among different companies, industries and nations. Capital flows to those areas in which investors expect to earn the greaest returns with the least risk.How do investors forecast risk and potantial returns? By analyzing accounting information for a specific company in the context of it!s unique industry setting . The goal of accounting is to provide economics decision makers with useful information .The financial statements generated through the accounting process are designed to assist users in identifying key relationships and trends .The finansial statements of most publicly owned companies are classified and are presented in comperative form .Often , the word 'consolidated 'appears iin the headings of the statement. Users of finansial statements should have a clear understanding of these terms .[1]

Most business organisations prepare classified finansial statements, meaning that items with certain characteristics are placed togedher in a group ,or classification . the purpose of these classification is to develop useful subtotals that will assist users of the statements in their analyses .In comparative finansial statements ,the finansial statement amountsfor several years appear side by side in vertical columns .This assists investors in identifying and evaluating significant changes and trends.

This project focuses on financial statement analysis ,which means using financial statement data to assess a company. Sources of information about companies , the objectives of financial statement analysis, and methods for evaluating financial stetements are covered.The majority of the project deals with ratios and how to understand the financial statements as

[1] Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

prepared under GAAP. Disclosure practices have evolved with the specific purpose of providing information is collected , aggregated ,and disclosed.We have frequantly provided ratios and other tools of analsis and have demonstrated how the informationmight aid in making decisions . In this project we integrete prior material and discuss additional tools for analysing and evaluating the company's financial position.[2]

I have conducted the analisis of Banvit and Pınar in five stages

First part includes the background of Banvit and Pınar ,its historıcal development from foundation up to now.

Some scientific definitions and different approaches from various sources about the financial statements are available in the second part. The definitions and explanations abouth the functions and necessity of Balance sheet, Income Statement and Stockholders Equity and Statement of Cash Flow are also included.

The third part introduces some very important tools of analising finansial position of a company. Such tools like dollar and percentage Changes, Trend Percentages (Horizantal Analisis),Component Percentages (Vertical Analysis)and Ratio Analysis ,give us details abouth the financial strengths and structure of a company.

The fourt part includes the application previously mentioned Compenent Percentages (Vertical Analisis9, Trend Percentages (Horzintal Analisis), Dollar and Percentage changes and Ratios to the Banvit and Pınar companys under the light of last five years reports. This

---

[2] Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

part enables us to understand the past performance and present financial structure of Banvit and Pınar.

In the fifth part limitation of the project will be explained.

At the end conclusion and recommandation will be provided to the users of financial statements.

1. HISTORICAL BACKGROUND OF BANVİT AND PINAR

1.1.Historical Background of PINAR

Türkiye was introduced with Pınar Dairy, the giant production facility of the Middle East in1975 and so far almost each year She enlarged her reign with the introduction of new sources that Pınar has introduced. A whole generation, grown with Pınar is pointing out to many others who will also grow healthy with Pınar.

From meat to milk, from frozen products to fish and from animal feed to feed-lots, institutionalized with an integrated approach, today Pınar rapidly carries on her efforts to be a worldwide trademark, renowned from pole to pole.

Pınar Meat is the first integrated meat processing plants of Turkey conforming Turkish international and AE standards. Since starting operation in 1985, Pınar Meat has always aimed to contribute to Turkish animal farming sector and offer healthy, reliable, delicious meat and meat products to the consumers using all possible advanced technology.

Holding a leading position in the market with 25 % share in processed meat and 83 % in frozen products fields, Pınar Meat is the pioneer of Turkish meat sector with a turnover of 180 million USD and export revenues of 919.000 USD.

Staring turkey production in 1997 after investing 23 million US dollars in this field, Pınar Meat has brought a new dimension to Turkish Meat Sector with Pınar Turkey Processing

facilities. Pınar Meat has signed under another first in Turkey by presenting an irresistible taste to Turkish cuisine adopting the motto "The Taste of red and the health of white meat."

Pınar Meat has contracted breeders for turkey farming thereby creating new employment and job opportunities for the region.

Holding ISO 9001 quality system certificate and carrying out production in strict conformity with the quality and hygiene guidelines since its foundation,
Pınar Meat, is proud to provide trained and informed labor force to the sector through studies of Apprenticeship Centers.

Having produced high quality, tasty and reliable food and beverage to Turkish people's taste for 23 years in its modern facilities using the latest technologies

1.1. Historical Background Of BANVİT

Banvit was established in 1968 by Sıtkı KOÇMAN, Selahattin GÖKTUĞ, Vural GÖRENER and Feridun GÖRENER. The first two gentlemen are prominent businessmen in Turkey, and the Göreners are well known in Bandırma business circles. The foundation of today's Banvit was a small feed mill that started production with a capital of 400.000 TL, and the only equipment was a hand-made crushing machine and a mixer.

By the time it had been in feed production for 15 years, Banvit had become the leading producer in the sector. At this time, Banvit started to look for new investment fields.

Initially, egg packing and classification plants were established. Then chicken production started coincidentally, as a consequence of a customer providing a poultry house for 15 years in exchange for his debt.

Breeder chicks were raised in this 1500 m2 poultry house, but the operation was not a success. Broiler chicken was then reared in the same poultry house, resulting in a good profit. From this, it was realized that specialization in broiler production was necessary, but the real profit would be gained from the processing business. Consequently, the first automatic processing plant was established in spring 1985. Soon production was more than could be consumed around Bandırma, so it was decided to create an effective sales network. The first branch was opened in Bursa, in May 1985. Then Balıkesir, İstanbul and Edirne followed, resulting in a broad sales organization capable of distribution around various regions of the country.

Banvit's target since its foundation was to establish full vertical integration. The company started breeder egg production in 1986 after opening its chicken processing plant in 1985. With the addition of its own hatchery in 1988, the company completed all links of the vertical

integration process. In 1992 Banvit floated 15% of its shares on the Istanbul Stock Exchange and increased its production capacity by moving to its new modern processing plant in the same year.

Banvit's original vision was being a leading chicken meat producer. With the internal re-structuring projects, which were started in 1996, this original vision evolved into becoming a leading food company and new investments were initiated for this purpose. After the establishment of Banvit Romania, construction of a further processing plant was begun, and that plant started production in May 2001.

Additionally and in line with the new vision, in 2000 the Tadpi Plant located in İzmir was purchased. The plant was redesigned and fitted for processing turkey, various poultry and game. Turkey production started there in May

II. FINANCIAL STATEMENTS

2.1.Balance sheet

The purpose of a balance sheet is to showe the financial position of a business at a particular date . Every business prepares a balance sheet at the end of the year, and most companies prepare one at teh and of each of month .A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity.

2.1.1.Asset

Assets are economic resources which are owned by a business and are expected to benefit future operation .assets may have definite physical form such as building ,machinery ,or merchandise .On the other hand, some assets exsist not in phsical or tangible form ,but in the form of valuable legal claims or rights; examples are amounts due from customers, investments in government bonds ,and patent rights.

One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present, genereally accepted accounting principles call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.The specific accounting principles supporting cost as the basis for assets valuation are discussed below.

2.1.2.Liabilities.

Liabilities are depts . all business concerns have liabilities ; even the largest and most succesful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liabilitity arising from the purchase of goods or services on credit is called an account payable ,and the person or company to whom the account payable is owed is called a creditor.

A business concern frequently finds it desirable to borrow money as ameans of suplementing the funds inveswted by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example,be used to buy merchandise which can be sold at a profitto the firm's custemers.Or the borrowed money might be used to buy new and more eficent machinery,thus enabling the company to turn out a larger volume of products at the lower cost.When a business borrows money for any reason,a liability is incured and the lender becomes a creditor of the business.The form of the liability when money is borrowed is usually a note payable ,a formal written promise to pay a certain amount of money ,plus interest at a definete future time.

An account payable , as contrasted whit a not payable , dose not involve the issuance of formal written promise to the creditor, and it dose not call for payment of interest .

2.1.3.Owner's Equity:

The owner's equity in a business reprecents the resources investedby the owner; it is equal to the total assets minus the liabilities.The equity of the owner is a residual claim because the claims of the creditors legally come first . İf you are the owner of a business, you are entitled to whatever remains afterthe claims of the creditors are fully satisfied.

Increases In OwnerS Equity: The owner's equity in a business comes from two sources (1) Investment by the owner (2) Farnings from profitable operation of the business

Decreases In Owner's Equity: (1) Whithdrowals of cash or other assets by the owner (2) Losses from unprfitable operation of the business [3]

2.2.Incame Statement.

The revenue and expenses in the incame statement are taken directly from the company's adjustted trial balance.

An incame statement has certain limitations.Remenmber that the amounts shown for depreciation expence are based upon estimates of the usefullives of the company's building and office equipment.Also the incame statementincludes only those events which have been evidenced by business transaction.perhaps during October, Robert Real Estate Company has made contact with many peaple who are right on the verge of buying or salling homes.Good business contacts are an important step toward profitable operations.However ,such contacts are not reflected in the incame statement because their value cannot be measured objectively until actual transactions take place. Despite these limitation the incame statement is of vital importance and indicates that the new business has been profitable during its first month of operation.

Alternative titles for the incame statement include earnings statement,statement of operations ,and profit and loss statement. However ,incame statement is by far the most popular term for this important financial statement . [1]

[3] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

2.2.1.Revenue:

Revenue are the gross increas in stokholders' equıty resulting from business activities entered into for the purpose of earning incame. Genereally ,revenues result from the sale of merchandise, the performance of services the rental of property, and the lending of money.

Revenues usually result in an increas in an asset.They may arise from different sources and are identified by various names depending on the nature of the business.Campus pizza, for instance , has two catagories of sales revenues pizza sales and beverage sales. Other titles for and sources of revenue common to many business are :sales, fees , service ,commissions ,interest, dividends,royalties,and rent.

2.2.2. Expenses:

Expenses are the decreases in stockholders' equıty that result from operating the business . They are the cost of assets consumed or services used in the process of earning revenue. Expenses represent acdtual or expected cash outflows(payment).Like revenues, expenses take manyforms and are identified by various names depending on the type of assets consumed or service used .For example;Campus pizza recognizes the following types of expenses cost of ingredients(meat,flour,cheese,tomoto paste,mushrooms,etc.)telephoneexpence;delivery expence(gasoline,repairs,licenses,etc.) supplies expence(napkins,detergants,aprons,etc.) rent expence;interest expence; and property tax expence. When revenues,a net loss results. [4]

[4] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

2.2.3. Net Incame :

Net income is an increase in qwners' equity resulting from the profitable operation of the business. The oposide of net income a decrease in qwners' equity resulting from unprofitable operation of the business is termed a net loss.

Net income dose not consist of cash or any other specific asset. Rather net income is a computation of the overall of business transactions upon owner's equity.

Net income measures the amount by which the increase in assets in exceeds the decrease. In essence ,net income is one measure of the wealthy created by an entity during the accounting period . By tracking net income from period to priod ,comparing changes in net income to economy-wide and industry avarage, and examining changes in the revenues and expense compenents of net income , investors and other decisionsmakers can evaluate the succes of the period operations.[5]

2.3. Statement Of Stockholders Equity

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders ' equity accounts. This expanded statement, called a statement of stockholders' equity.

The top line of this statement shows the beginning balance in each stockholders' equity account. All of the transactions affecting these accounts during the year then are listed in summary form along with the related changes in the balances of specific stockholders' equity

---

[5] Accunting the Basis of Business Decision, 1998,8th ed. 82-89

accounts. The bottom line of the statement shows the ending balance in each stockholders' equity account and should agree with the amounts shown in the year-end balance sheet.

A statement of stockholders' equity is not a required financial statement . However ,it is widely used as a substitute for the statement of retained earnings because it is presents a more complete description of the transaction affecting stockholders' equity. [6]

2.4.Statement of Cash Flow:

Shows how a company's operating, investing and financing activities have affected cash during an accounting period. It explains the net increase (or decrease) in cash during the accounting period . For purposes of preparing this statement, cash is defined to include both cash and cash equivalents .Cash equivalents are defined to the FASB as shortterm,highly liquid investment, including money market accounts ,commercial paper and U.S. Treasury bills.

The statement of Cash flow is designed to fulfill the following purposes.

1- To predict future cash flows: In many cases past receipts and payment are a reasonably good predictor of future cash receipts and payments.

2- To evaluate management decision : The statement of cash flows reports the company investment in plant assets and thus gives investors, and creditors cash-flow information for evaluating managers' decision.

3- To determine the company' ability to pay dividends to stockholders and interest and principal to creditors: It helps them predict whether the business can make these payments.

[6] Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

4- To show the relationship of net income to changes in the business' cash

2.4.1. Operating Activities :

Include the cash effects of transaction and other events that enter into the determination of net income. Included in this category as cash inflows are cash receipts from customers for goods and services interest and dividends receipt on loans and investments, and sales of trading securities. Included as cash outflows are cash payments for wages, and services ,expenses ,interest taxes and purchases of trading securities. In effect the income statement is changed from an accrual to a cash basis.

2.4.2 Investing Activities :

Include the acquiring and selling of long-term assets, the acquiring and selling of marketable securities other than trading securities or cash equivalents and the making and collecting of loans. Cash inflows include the cash received from selling long-term assets and marketable securities and from collecting loans. Cash outflows include the cash expended for purchases of long-term assets and marketable securities and the cash loaned to borrowers .

2.4.3. Financing Activities :

Include obtaining resources from or returning resources to owners and providing them with a return on their investment, and obtaining resources from creditors and repaying the amounts borrowed or otherwise settling the obligations. Cash inflows include the proceeds from issues of stocks and from short-term and long-term borrowing. Cash outflows include the repayments of loans and payments to owners , including cash dividends. Treasury stock transactions are also considered financing activities. Repayments of accounts payable or

accrued liabilities are not considered repayments of loans under financing activities, but are classified as cash outflows under operating activities.[7]

[7] Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

I I I. RESEARCH METHODOLOGY

3.1.Tools Of Analysis

3.1.1. Dollar And Percentage Changes :

The dollar amount of change from years to tear is significant, but expressing the change in percentage terms adds perspective .For example,if sales this year have increased by $100,000 ,the fact that this is an increase of 10% over last year's sales of $1 million puts it in a different persperctive than if it represented a 1% increase over sales of $ 10 million for the prior year.

The dollar amountof any change is the difference between the amount for a comparison year and for a base year. The percentage change is computed by dividing the amount of the change between years by the amount for the base year.

3.1.2. Trend Percentages (Horzintal Analysis):

The changes in financial statement items from a base year to following years are often expressed as trend percentages to show the extent and direction of change.Two steps are necessary to compute trend percentages.First a base year is se3lected and each item in the finansial statements for the base year is given a weight of 100 % .The second step is to express each item in the financial statements for following years as a percentage of its base-year amount.This computation consists of dividing an item such as Sales in the years after the base year by the amount of sales in the base year.

3.1.3. Component Percentages (Vertical Analysis) :

Component percentages indicate the relative size of each item included in a total .For example ,each item on a balance sheet could be expressed as ersentage of total assets . This shows quickly the relative importance of current and noncurrent assets as well as the relative amount of financing obtained from current creditors , long –term creditors , and stokholders. By computing compenent percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

3.1.4. Ratio Analysis :

A ratio is a simple mathermatical expression of the relationship of one item to another. Every percentage may be vieved as a ratio – that is , one number expressed as a percentage of anather.

Ratios may be stated in several ways. To illustrate ,let us consider the current ratio ,which expresses the relationship between current assets and current liabilities .If current assats are $100,000 and current liabilities are $ 50,000 we may say either t6hat the current ratio is 2 to 1 (which is written as 2:1) or that curremt assets are 200 % of current liabilities. Either statement correctly summerizes the relationship- that is ,that current assets are twice as large as current liabilities.

If a ratio is to be useful ,the two amounts being compared must be logically related. Our interpratation of ratio often requires investigation of the underlying data . [8]

---

[8] Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

3.1.4.1. Liquidity Ratio :Liquidity ratios measure the firm's ability to fullfill short term commitments out of its liquid assets. Assets are '' liquid '' if they are either cash or relatively easy to convert into cash. Short_term creditors are generally very interested in the liquidity ratio . The current ratio and the quick ratio are the most commonly used liquidity ratio.

Current Ratio :

The current artio equals assets divided by current liabilities. Current assets are viewed as relatively liquid , which means they can generate cash in a relatively short time period. Current liabilities are debts that will come due within a year. If the current ratio is too low, the firm may have diffeculty in meeting short-run commitments as they mature.If the ratio is too high , firm may have an excessive investment in current assets or be underutilizing short-term credit.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Oic Ratio or Acid Test Ratio :

The quik ,or acid test, ratio measures the firm`s ability to meetshort-term obligations from its most liquid assets . IN this case ,inventory is not inculuded whit ather current assets quik ratio equals current assets ,exculuding inventory, divided by current liabilities. That is ,

$$\text{Quick Ratio:} \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$$

Working Capital: Working Capital is a measurement often used to express the relationship between current assets and current liabilities.Working capital is computed as follows

Working Capital= Current assets _Current Liabilities

Receivables Turnover Rate : Thre accounts receivable turnover rate indicates how quicly a company converts its accounts receivable into cash.The account receivable turnover rate is determined by:

$$\text{Receivables Turnover Rate} = \frac{\text{Net Sales}}{\text{Avarage Account Receivable}}$$

Days to Collects Avarage Accounts Receivables: Provides a raugh approximation of the avarage time that it takes to collect receivables. Days to collect avarage accounts receivable is computed as follows;

$$\text{Days to Collect Avarage Accounts Receivables} = \frac{365}{\text{Receivables Turnover Ratio}}$$

Operating Cycle : Indicates in days how quickly inventory converts into cash.

Operating Cycle = Days to sell inventory +Days to Collect receivables

3.1.4.2. Leverage ratios :

Leverage ratio measure the extent of the firm`s total debt burden. They reflect the company`s ability to meet its short- and long term debt obligations. The ratio are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity items from the balance sheet. Leverage ratio are important to creditors , since they indicate whether or not the firm`s revenues can support interest and other othet fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates. Shareholders, too, are concerned with greater debt.

Debt to Total Assets Ratio :

This ratio equals total debt divided by total assets. The debt to total assets ratio is also called the the debt ratio. Generally creditors prefer a low debt ratio since it implies a greater protection of a higher interest rate on its borrowing : beyond some point the firm will not be able to borrow at all.

$$\text{Debt to total assets ratio} : \frac{\text{Total debt}}{\text{Total assets}}$$

Debt to Equity Ratio :

This ratio equals the firm`sdebt divided by its equity ,where debt can be defined as total debt or as long-term debt.We will use long term debt since it is so frequently employed ,and because it provides added information not provided by the debt ratio discussed above.

Long-term debt

Debt – equity ratio :-------------------------

Stockholders` equity

Times Interest Earned Ratio :

The times interest earned ratio equals earnings before interest and taxes divided by interest. EBIT can be computed by simply adding intrest expence to income before taxes the times interest earned ratio equals net income before taxes plus interest expense all divided by interest expense;

EBIT

Times interest earned ratio:---------------

Interest expense

Fixed –charges coverage ratio :

The fixed-charges coverage ratio equals income available to meet fixed changes divided by fixed charges. Fixed charges include all fixed dollar outlays , including debt interest,sinking fund contributions ,and lease payments. A fixed charge is a cash outflow that the firm cannot avoid without violating its contractual agreements. The firm periodically deposits money in a sinking fund that the fund was set up.

Income available for meeting fixed charges

Fixed-charges coverage ratio :--

Fixed charges

3.1.4.3.Activity Ratio :

Activity ratio show the intensity with which the firm uses its assets in generating sales. These ratios indicate whether the firm`s investment in current and long-term assets are too small or too large. If investment is toolarge ,it could be that funds tied up in that assets should be used for more productive purposes . for example: the firm may have unused plant capasity that it could sell and then use the proceeds in some profitable way .If investment is too smoll, the firm may be providing poor service to customers or inefficiently producing its product.

Inventory Turnover :

Inventory equals cost of goods sold divided by avarage inventory.Therefore ,both balance sheet and income statement data must be used .Inventory may have changed significantly during a given year, and it is particularly important here to use a yearly average rather than the year-and inventory amount.

$$\text{Inventory Turnover} = \frac{\text{Cost of gold sold}}{\text{Avarage inventory}}$$

Avarage Collection Period :

The avarage collection period is a measure of how long it takes from the time the sale is made to the time the cash is collected from the customer. To conpute this figure the avarage credit sales Per day is determined by dividing the year`s credit sales by 360 . The avarage credit sales Per day is then divided into year-end accounts receivable or into avarage accounts

receivable for the year. Assume for simplicity that the level of accounts receivable has not varied significantly during the year and that year-end and avarege accounts receivable are therefor about the same .

$$\text{Avarage credit sales Per day:} \frac{\text{Annual credit sales}}{\text{360 days}}$$

$$\text{Avarage collection period :} \frac{\text{Accounts receivable}}{\text{Avarage credit sales Per day}}$$

Fixed –assets turnover:

This ratio is computed by dividing net sales by fixed assets (net plant and equipment) and equals. This ratio indicates how intensively the fixed assets of firm are being used. An inadequately low ratio implies excessive investment in plant and equipment relative to the value of the output being produced. In such a case the firm might be better off to liquidate same of those fixed assets and invest the proceeds productively (or to pay off its debt, or to distribute the proceeds as dividends.

$$\text{Fixed –assets turnover :} \frac{\text{sales}}{\text{Fixed assets}}$$

Total –Assets Turnover :

Total assets turnover equals sales divided by total assets ;therefore

$$\text{Total assets turnover :} \frac{\text{Sales}}{\text{Total assets}}$$

Total assets turnover reflects how well the company`s assets are being used to generate sales .

Operating İncome : This measures the profitability of a company2s basic business activities and computed as follows;

Net Income =Gross Profit _Operating Expenses

Net Income As A Percentage of Net Sales: An indicator of management2s ability to control cost.Net ıncomes as a percentage of net sales are computed as follows;

$$\text{Net Income As a Percentage Of Net Sales} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Return On Assets : A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

$$\text{Return On Assets} = \frac{\text{Operating Income}}{\text{Avarage total Assets}}$$

3.1.4.4. Profitability Ratio :

Profitability ratio measure the success of the firm in earning a net return on sales or sales or on investment. Since profit is the ultimate objective of the firm , poor performance here indicates a basic failure that, if not corrected ,would probably result in the firm`s going out of business.

Gross Margin:

The gross profit margin is gross profit (sales minus cost of goods sold) divided by sales. Thus for Macro,

$$\text{Gros Profit Margin} : \frac{\text{Sales} - \text{cost of goods sold}}{\text{Sales}}$$

The gross margin reflects the effectiveness of pricing policy and of production efficiency (that is ,how well the puchase or production cost of goods is controlled) .Of course ,if the gross margin is increased by raising the price of the firm`s product ,the product may become

uncompetitive producing a falloff in sales . Therefore a company may find it advantageous to lower the price ,and therefore lower the gross profit margin , if it increases sales so much as to increase total profits.

Net Operating Margin :

The net operating margin equals net sales minus the sum of cost of goods sold and operating expenses ,all divided by net sales .That is ,

$$\text{Net operating margin} : \frac{\text{Operating income}}{\text{Sales}}$$

The net operating margin indicates the profitability of sales before taxe and interest expense. Nonoperating revenues are not included in the returns ,and nonoperating expenses are not deducted. Nonoperating income and expense items are those not directly associated with the production or sale of the firm`s product (not that interest expense is a financing the effectiveness of production cost. ) The purpose of this ratio is to measure the effectiveness of production and sales of the company`s product in generating pretax income for the firm .For any given level of sales ,the higher the net operating margin the better.

Profit margin on sales :

This ratio equals net income divided by sales. By itself ,profit margin on sales provides little useful information since it mixes the effectiveness of sales in producing profits (reflected by

the net operating margin)with the effects of the method of financing on profits (since net income is after deduction of debt and of taxes which are affected by interest)

Net income

Profit margin on sales :--------------------

Sales

Return on Total Assets :

This ratio equals net income plus interest on debt divided by total assets .return on total assets is the total after- corporate- tax return to stockholders and lenders on the total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors, including lenders.

A measure of the productivity of assets ,regardless of the assets are financed .return on assets are computed as follows;

Operating Income

Return On Assets=--------------------------

Avarage total Assets

Return on Equity :

This ratio equals the net income available to common stokholders (i.e.., net income minus dividends on any preferred stock) divided by the common stokholders equity.

$$\text{Retun on equity} :\frac{\text{Net income to common stokholders}}{\text{Common stokholders equity}}$$

IV.FINANCIAL STATEMENT ANALSIS OF BANVİT AND PINAR

Starting with this page different tables including income statement of Banvit company reported for the years 1998 , 1999 , 2000 , 2001 ,2002 , are available . Under the liht of these tables ,I will try to make the financial statement analysis of Banvit. This analysis will give us a general information

	1999	**%**	**1998**	**%**
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

During the year 1999 the net income of teh company dropped from 22.4 to 14.1. This decline can be explained by 10% increase in cost of sales and 3% increase in operation expenses and 6% increase in financial expenses.

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67.0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15.6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

In 2000, the net income continued to declined and it dropped to 1%. As in year 1999, there has been radical inreases in all expenses. Mainly 10% increase in cost of sales, 4% increase in operating expenses and 2% increase in financial expenses.

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

A radical change took place in 2001. Despite the fact that the cost of sales had risen from 77% to 85.3%, yet the net income increased from 15 to 8.4%. One of the main factors in this increase is the decrease in Finnacial expenses. It decreased from 2.4 % to 1.2 %.

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

The cost of sales continued to decrease in 2002. It went down from 85.3% to 77.2. Althoughthere has been a decrease in cost of sales, net income has descreased as well. This fall in net income level can be explained by the 0.3% increase in finnacial expense.

Banvit trent persentages

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
C.O.G .S	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Gross Profit	11,871,573	16,006,772	16,401,046	14,114,769	35,358,482
	1998	1999	2000	2001	2002
Net Sales	% 100	% 133,3	% 279,3	% 454,5	% 636,4
C.O.G .S	% 100	% 209,8	% 376,9	% 686,5	% 870,5
Gross Profit	%100	% 134,8	% 138,1	% 118,8	% 297,8

According to the trend percentages, there has been an increase in both net sales and cost of goods sold between the years 1998 and 2002. Unfortunately, we can not say the same for the gross profit. There had been a decrease in gross profit in 2001.

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	81,028,351	52,028,168	29,042,360	29,100,183	0,55	22,985,808	0,79
Net Income	904,490	7,629,245	6,585,670	-6,724,755	0,88	1,043,575	0,158

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	184,831,143	132,009,160	81,128,351	52,821,983	0,40	50,880,809	0,627
Net Income	3,295,219	10,852,033	904,490	-7,556,814	-0,49	9,947,543	0,1099

According to dollar and percentage changes, Net Sales had fallen during the period between 1998 and 2000 and this was followed by a steady increase in 2002.Unfortunately the company could not keep up the increase and there had been a decrease in year 2002.

Ratio Analysis.

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

According to general believes in business world professionals of financial anaysis the quick ratio should be at least 1 to1 the firm performs quick ratio which is good between 1998-2000. but the firms start to tecline 1,0by the year 2001. all ratios that are under 1,0 shows the company is weak in short- term debt paying ağabeylity

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

Debt ratio shows what proportion of total assets is convert by debts, so high rate means high debts. The lower rate is more useful. The firm reports show increasing trend ratio in that ratio until 2001 but in 2002 the ratio starts to decrease by 0.644. This means that the lower ratio is more preferable.

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7 .915	9.235	9.450	7.634

Inventory turnover rate means how many times during a year the company sells its inventory. The higher turnover rate means it can sell quicker its inventory and high rate is beter for a company. When we analyze the inventory turnover rate we observe that the ratio is steatily

increase between 1999and 2001. however in 2002 the ratio declines to 7,634 the lover turnover rate means it can sell longer its inventory and low rate is worse for a company.

	1998	**1999**	**2000**	**2001**	**2002**
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

Days to sell average inventory describes in how many days the company sell its inventory and convert them into cash or A/R we see that the company managers to sell its inventory and convert them into cash or account receviables more longer than past years.

	1998	**1999**	**2000**	**2001**	**2002**
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	-17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

When we analyze the company reports we observe that the company achives between, %0.20 and %0.40 but the rate increase from 0.10 by to 0.1913 between 2001 and 2002.

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

The higher net operating magrin is more preferable than the lower net operating magrin. Here the ratio flactuates around 0.0003 and 0.1226 between 1998 and 2002.

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

Return on equity is one of the profatibilty measures. İt shows how effectively the assets are used a return of %12 are more is more preferable for strong companies when we analyze five years period we see that the companies achieve the 0,73 in 19980,47 in 1999,0,04 in 2001 in 0,71 in 2001 and 0,08 in 2002

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

The receivable turnover rate actually computed to find the days to collect accont receivables. Higher the tunover rate quicker the company collects its receivables. Decreasing receivables turnover rate shows that the maturities of account receivables geting longer so the company can not recover its receivables so early, when we analyze the company's turnover rates we observe that the rate decrease from a 23,2 to 12,7 between 1999 and 2002

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

The company was collect its account receivables in 15,7 days in 1999 now its collects the accounts receivables in 28,7 days in 2002 this means that it takes more time for the company to collect the account receivables in 2002 than past years

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

The operating cycle is 61.8 in 1999. It is increasing steadily until 2002 and reaches 76.51 days in 2002. This shows that the company requires more days to convert the inventory into cash which is an unfavourable trend.

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32,441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,540	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

The general agreement among the financial analysts is that %15 are more return on average total asset is successful. Our company achieves 0.34 in 1999, -0.0008 in 2000, -0.24 in 2001 and 0.09 in 2002. So our company performance is going to bad at recent year, according to the general agreement.

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

Net Income As a Percentages of Sales Shows what proprotion of net sales is reported as net income. Here higher the percentage higher the income from sales. In 1998 the percentage is 0.226 but it decreases steadily until 2001 but in 2002 the ratio starts to increase by 0.0178.

V.LIMITATION.

Banvit company is one of the most succesful Turkish companis, which operates globally.However as in many companies it is possible to hve difficulties in reaching details. Financial information about the company. The company has a well designed web site of company. May be the most important document- annual report for the investors is not available on the site of the company. For this reason the important relationship and explanations of the changes in the components of financial statements were difficult to find. There are some partial statements but they are not useful for analysis since the Turkish accounting system. However it become possible to reach the financial of the company necessary for anaysis by the help of other limited resources, such as web sites of a few investment asistance companies.

CONCLUSION AND RECOMMENDATION.

Financial statement analysis to allow users to make informed judgementsabout a company's financial position and performance when measured against trends of the company itself and when compared to other companies in the economy. İt is important that you understand that this is an introduction. The preparation of the financial statements is not the first step in the accounting process, but it is convenient point to brgin the study of accounting. The financial statements are the means of conveying to management and to interested outsiders aconcise Picture of the profitability and financial position of the business. Since these financial statement are in a sense the end product of the accounting proces, the student who acquires a clear understant of the content and meaning of financial statements will be in excellent position to apprentice the purpose of the earlier steps of recording and classifying business transactions. The two most widely used finansial statements are the balance sheet and the income statement. Together these two statements summarize all the information contained in the hundred or thousand of pages comparisons the detailed accounting records of a business. İn this financial statement, we shall explore the nature of the balance sheet or financial position as it is sometimes called. Once wen have become familiar with the form and arrangement of the balance sheet and with the meaning of technical terms such as asset, liabilities, and owner's equity, it will be as easy to read and understand a report an the financil position of a business as it is for an architect to read the blueprints of building.

Financial statements analysis comprises all the techniques employed by users of financial statements to show important relationship in the financial statements. Users of financial statements fall into two broad categories: internal and external. Management is the main internal user. However, because those who run a company have inside informatio on

operations other techniques are available to them. The main focus here is on the external users of financiaL statements and the analytical techniques they employ.

Creditors make loans in the form of trade acconts, notes, or bonds. They receive interes on the loans and expect them to be repaid according to specifed terms. Investors buy capital stock from which they hope to receive dividends and an increase in value. Both groups face risks. The creditor faces the risk that the deptor will fail to pay back the loan. The investor faces the risk that dividends will be reduced or not paid or that the market price of the stock will drop. For both groups the goal is the achive a return that makes up for the risk. In general, the greater the risk teken, the greater the return required as compensation.

I analaysis two companies with Four methods. These methods are:

As we know one of the most significant parameters of the Component Percentage ratio is the percentage changes in net income for the company under examination. In the light of this information, I examined the previous five years business period as regards the percentage changes in Net Income levels for both companies. Based on this puissant examination I shall conclude that that *Banvit* performed its business better than *Pinar* in terms of profitability. Following are the relative changes in both companies Net Income levels:

BANVIT PINAR

1998 22.4 % + 2.8% +

1999 14.1% + 14.% +

2000 1 % + 3.1% +

2001 8.4%+ 3.1%+

2002 2.4%+ 1.3% +

As the above table clearly demonstrates, one can easily infer that *Banvit* performed much better than Pinar between the five years period beginning 1998 and ending 2002.

According to Trent Percentage, I can deduce that Banvit's values are higher than the values Pinar has. The main reason for this can be summarised as Banvit's increase trents are higher than Pinar's Increase trends. Please see appendices for detailed information regarding both companies increase trends.

When I examine the Dollar & Percentage changes, I also undergo that Banvit again demonstrates a better performance in comparison to Pinar. We again arrive in this conclusion by simply looking at percentage increase changes. For example; in 1999 and 1998, Banvit's percentage increase is 0.79% whereas Pinar has retained only 0.46% over the same period. Hence we can say that Banvit is more successful than Pinar. The full list of increase percentages can be also found in the appendices.

In doing Ration Analysis for both Pinar and Banvit companies, I used four different ration analyses. These can be listed as :

a. Liquidity Ratio
b. Leverage Ratio
c. Activity Ratio
d. Profitability Ratio

According to *Liquidity Ratio*, Banvit's short term dept paying ability is better than Pinar. This is derived by looking at the parameters which create the Liquidity Ratio. These parameters are current ratio, quick ratio, working capital ratio. When we examine the past years values in

respect of these ratios, we can again conclude that Banvit has performed better business than Pinar.

According to leverage ratio, as it is in Liquidity ratio, Banvit has a less short term credit risk than pinar has. When we look at Activity Ratio, Surprisingly Pinar has better Activity Ratio parameters than Banvit has. Finally when we examine profitability Ratio values, especially in the last few years Banvit has performed extremely well, in comparison to Pinar, as regards its achievements in activity ratios. This I can say after examining relatively the gross Profit Margins, Net Operating Margins, Return on Assets, and Return on Equity ratios for both companies.

As a result, I can state that, based on the values obtained by comparison of above mentioned ratios, *Banvit* has performed batter than *Pinar* did.

The rate of pınar is not greater since it achives very well but may be its better than banvit since banvit performs badly in turnover rate. Banvit must improve its ability to collect the receivables with in a short period. The possible solution for this problem may be making credit sales with shorter maturities. These processes may enable banvit to increase cash-flow in and as a consequence help to liquidity to increase.

REFERENCES

1- Robert Meigs and others, Accounting, USA :Mc Graw Hill, 1999, p. 610.

2- Charles Horngren, Gray Sundem and John Elliott, Introduction to Financial Accounting. 5 th ed., New Jersey: prentice-Hall International Editions, 1993, p.668.

3- Accunting the Basis of Business Decision, 1998,8th ed. 82-89

4- Weygandt, Kieso ,Kimmel,Financial Accounting,second edition ,13

5- Needless ,Anderson , Coldwell ,princiles of Accounting ,6th ed ,

6- Meigs & Meigs , Accounting the Basic For Business Decisions, 9 th ed., p.929.

7- www.imkb.gov.tr

8- www.banvit.com.

9- www.borsa.net.

10- www.analiz.com

11- www.pınar.com

12- www.investopedia.com

13- www.borsadirect .com.

14- www.foreks.com

APPENDIX 1

	1999	%	1998	%
Gross Sales	53,656,376	100	29.854.576	100
Sales Deduction (-)	628,208	01.1	812.215	2,7
Net Sales	52,028,168	97.3	29.042.360.	97,3
Cost of Sales (-)	36,021,396	67,0	17.170.780	57,4
Gross Profit (loss)	16,006,772	30,2	11.871.573	4,3
Operating Expenses (-)	8,065,596	15,6	3.732.811	12,6
Profit (loss) from Main Operattion	7,941,176	15,4	8.138.762	27,0
Income And Profit From Other Operations	7,363,858	14,8	2.334.767	07,0
Expensess and Losess From Other Operations (-)	2,208,857	04,1	644.118	02,0
Financial Expenses (-)	366,302	0,7	310.091	01,0
Operating Profit (loss)	12,729,875	24,6	9.519.320	31,4
Extra Ordinary Income And Profits	12,878	0,02	9246	0,03
Extra Ordinary Expenses And Losses (-)	1,932,434	04,3	604.936	02,3
Income Before Taxation	10,810,319	19,4	8.923.630	29,1
Taxation And Other Legal Liabilities (-)	3,181,070,	06,6	2.337.960	08,3
Net Income (-)	7,629,245	14,1	6.585.670	22,4

	2000	%	1999	%
Gross Sales	84,069,932	100	53,656,376	100
Sales Deduction (-)	2,941,581	03,2	628,208	01.1
Net Sales	81,128,351	96,	52,028,168	97.3
Cost of Sales (-)	64,727,305	77,	36,021,396	67,0
Gross Profit (loss)	16,401046	19,3	16,006,772	30,2
Operating Expenses (-)	16,433,487	19,4	8,065,596	15,6
Profit (loss) from Main Operattion	32,441,	0,03	7,941,176	15,4
Income And Profit From Other Operations	6,181,895	07,2	7,363,858	14,8
Expensess and Losess From Other Operations (-)	2,675,243	03,6	2,208,857	04,1
Financial Expenses (-)	1,314,591	02,4	366,302	0,7
Operating Profit (loss)	2,159,620	02,4	12,729,875	24,6
Extra Ordinary Income And Profits	414,933	0,4	12,878	0,02
Extra Ordinary Expenses And Losses (-)	431,487	0,5	1,932,434	04,3
Income Before Taxation	2,143,066	2,5	10,810,319	19,4
Taxation And Other Legal Liabilities (-)	1,238,576	01,4	3,181,070,	06,6
Net Income (-)	904,490	01,0	7,629,245	14,1

	2001	%	2000	%
Gross Sales	139,278,259	100	84,069,932	100
Sales Deduction (-)	7,269,099	05,2	2,941,581	03,2
Net Sales	132,009,160	95,4	81,128,351	96,
Cost of Sales (-)	117,894,391	85,3	64,727,305	77,
Gross Profit (loss)	14,114,769	10,4	16,401046	19,3
Operating Expenses (-)	30,303,797	21,	16,433,487	19,4
Profit (loss) from Main Operattion	16,189,028	12,	32,441,	0,03
Income And Profit From Other Operations	25,135,294	18,	6,181,895	07,2
Expensess and Losess From Other Operations (-)	17,573,746	13	2,675,243	03,6
Financial Expenses (-)	1,696,503	01,2	1,314,591	02,4
Operating Profit (loss)	10,323,983	07,4	2,159,620	02,4
Extra Ordinary Income And Profits	204,425	0,2	414,933	0,4
Extra Ordinary Expenses And Losses (-)	187,824	0,1	431,487	0,5
Income Before Taxation	10,307,382	07,2	2,143,066	2,5
Taxation And Other Legal Liabilities (-)	544,651	0,3	1,238,576	01,4
Net Income (-)	10,852,033	08,4	904,490	01,0

	2002	%	2001	%
Gross Sales	195,067,766	100	139,278,259	100
Sales Deduction (-)	10,236,023	05,1	7,269,099	05,2
Net Sales	184,831,143	95,1	132,009,160	95,4
Cost of Sales (-)	149,472,661	77,2	117,894,391	85,3
Gross Profit (loss)	35,358,482	18,4	14,114,769	10,4
Operating Expenses (-)	26,389,550	13,6	30,303,797	21,
Profit (loss) from Main Operattion	8,968,932	04,7	16,189,028	12,
Income And Profit From Other Operations	19,296,046	09,6	25,135,294	18,
Expensess and Losess From Other Operations (-)	20,717,972	11,5	17,573,746	13
Financial Expenses (-)	2,401,985	01,3	1,696,503	01,2
Operating Profit (loss)	5,145,021	02,6	10,323,983	07,4
Extra Ordinary Income And Profits	5,166,052	03,4	204,425	0,2
Extra Ordinary Expenses And Losses (-)	5,014,658	02,1	187,824	0,1
Income Before Taxation	5,296,415	03,6	10,307,382	07,2
Taxation And Other Legal Liabilities (-)	2,001,196	01,4	544,651	0,3
Net Income (-)	3,295,219	02,4	10,852,033	08,4

BANVİT TRENT PERCENTAGE

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
C.O.G .S	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Gross Profit	11,871,573	16,006,772	16,401,046	14,114,769	35,358,482
	1998	1999	2000	2001	2002
Net Sales	% 100	% 133,3	% 279,3	% 454,5	% 636,4
C.O.G .S	% 100	% 209,8	% 376,9	% 686,5	% 870,5
Gross Profit	%100	% 134,8	% 138,1	% 118,8	% 297,8

BANVIT DOLAR AND PERCENTAGES CHANDES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	81,028,351	52,028,168	29,042,360	29,100,183	0,55	22,985,808	0,79
Net Income	904,490	7,629,245	6,585,670	-6,724,755	0,88	1,043,575	0,158

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	184,831,143	132,009,160	81,128,351	52,821,983	0,40	50,880,809	0,627
Net Income	3,295,219	10,852,033	904,490	-7,556,814	- 0,49	9,947,543	0,1099

	1998	1999	2000	2001	2002
Current Asset	12,972,166	21,440,564	34,216,826	37,829,660	53,512,703
Current Liabilities	6,034,995	9,996.305	15,346,334	30,424,883	40,535,642
Current Ratio	2.15	2.14	2.23	1.243	1.320

	1998	1999	2000	2001	2002
Quick Assets	3,413,966	15,753,028	25,887,782	21,209,360	30,997,274
Current Liabilities	6,034,995	9,996,305	15,346,334	30,424,883	40,535,642
Quick Ratio	1.583	1.575	1.686	0.697	0.744

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	7,286,090	13,725,513	29,282,932	68,002,308	70,387,999
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Debt Ratio	0.449	0.460	0.572	0.817	0.644

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	11,829,173	20272,567	40,872,625	95,319,468	110,997,592
Total Assets	22,707,971	35,968,274	66,826,179	122,229,135	153,651,101
Debt Ratio	0.5209	0.5636	0.6116	0.7798	0.7224

	1998	1999	2000	2001	2002
C.O.G.S.	17,170,788	36,021,396	64,727,305	117,894,391	149,472,661
Avarage Inventory		4,550,751	7,008,290	12,474,672	19,577,865
Inventory Turnover		7 .915	9.235	9.450	7.634

	1998	1999	2000	2001	2002
365	365	365	365	365	365
Inventory Turnover Ratio		7.915	9.235	9.460	7.634
Avarage collective Ratio		46.11	39.52	38.58	47.81

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	--17,170,788	--36,021,396	--64,727,305	--117,894,391	--149,472,661
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Gross Margin	0.4087	0.3076	0.2021	0.1069	0.1913

	1998	1999	2000	2001	2002
Operating Income	8,138,762	7,941,176	32,441	16,189,028	8,969,932
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Ney Operating Margin	0.0280	0.1526	0.0003	0.1226	0.0485

	1998	1999	2000	2001	2002
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Total Assets	16,224,091	29,857,975	51,157,904	83,221,457	109,132,767
Total Assets Turnover	1.7500	1.7425	1.5858	1.5862	1.6936

	1998	1999	2000	2001	2002
Currrent asssets -	12972166	21440564	34216826	37826660	53,512,703
Current Lıability	6034995	9886305	15346334	30,424,883	40,535,642
Working Capital	6937171	11444256	18870492	7,401,777	12,977,061

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32,441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,540	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

FINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
I. CURRENT ASSETS	12,972,166	-
A.LIQUID ASSETS	3,296,972	-
1. Cash	56,775	-
2. Banks	3,103,251	-
3. Other liquid assets	136,946	-
B. MARKETABLE SECURITIES	4,442,195	-
1. Share stocks	0	-
2. Private sector bills, notes and bonds	987,139	-
3. Government bonds and Treasury bills	3,455,056	-
4. Other marketable securities	0	-
5. Provision for diminution in value of market	0	-
C. SHORT-TERM TRADE RECEIVABLES	1,562,626	-
1. Customers	1,575,144	-
2. Notes receivable	1,457	-
3. Deposits and guarantes given	0	-
4. Other short-term trade receivables	0	-
5. Rediscount of notes receivable (-)	-11,376	-
6. Provision for doubtful receivables (-)	-2,599	-
D. OTHER SHORT-TERM TRADE RECEIVABLES	37,553	-
1. Due from shareholders	0	-
2. Due from investments	1,957	-
3. Due from subsidiaries	0	-
4. Other short-term receivables	35,596	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
E. INVENTORIES	3,413,966	-
1. Raw materials	596,506	-
2. Semi-finished goods	1,210,027	-
3. Work in progress	0	-
4. Finished goods	434,639	-
5. Commercial goods	9,875	-
6. Other inventories	0	-
7. Provision for diminution in value of invent	0	-
8. Order advances given	1,162,919	-
F. OTHER CURRENT ASSETS	218,854	-
II. NON-CURRENT ASSETS	3,251,925	-
A. LONG-TERM TRADE RECEIVABLES	491	-
1. Customers	0	-
2. Notes receivable	0	-
3. Deposits and guarantes given	491	-
4. Other long-term trade receivables	0	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
B. OTHER LONG-TERM TRADE RECEIVABLES	13,241	-
1. Due from shareholders	0	-
2. Due from investments	0	-
3. Due from subsidiaries	0	-
4. Other long-term receivables	13,241	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
C. FINANCIAL ASSETS	84,844	-
1. Marketable securities issued by subsidiarie	0	-

2. Provision for diminution in value of market	0	-
3. Investments	20,000	-
4. Capital commitments to investments	0	-
5. Provision for diminution in value of invest	0	-
6. Subsidiaries	64,844	-
7. Capital commitments to subsidiaries (-)	0	-
8. Provision for diminution in value of subsid	0	-
9. Other non-current financial assets	0	-
D. FIXED ASSETS	3,082,149	-
1. Land	174,257	-
2. Land improvements	52,939	-
3. Buildings	984,465	-
4. Machinery and equipment	2,448,506	-
5. Motor vehicles	79,843	-
6. Furniture and fixtures	548,157	-
7. Other fixed assets	874,618	-
8. Accumulated depreciation (-)	-2,652,815	-
9. Construction in progress	546,772	-
10. Order advances given	25,407	-
E. INTANGIBLE ASSETS	39,109	-
1. Establishment cost (net)	0	-
2. Rights	0	-
3. Research and development expenses	0	-
4. Other intangible assets	39,109	-
5. Advances gives	0	-
F. OTHER NON-CURRENT ASSETS	32,091	-
TOTAL ASSETS	16,224,091	-
I. CURRENT LIABILITIES	6,034,995	-
A. SHORT-TERM BORROWINGS	61,887	-
1. Bank borrowings	59,890	-
2. Principal installments and interest on long	1,997	-
3. Principal installments and interest on bill	0	-
4. Notes and bonds issued	0	-
5. Other short-term borrowings	0	-
B. TRADE PAYABLES	2,666,667	-
1. Suppliers	2,678,327	-
2. Notes payable	0	-
3. Deposits and guarantees received	0	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	-11,660	-
C. OTHER CURRENT LIABILITIES	661,613	-
1. Due to shareholders	2,393	-
2. Due to investments	0	-
3. Due to subsidiaries	297,531	-
4. Accrued expenses	0	-
5. Witholdings payable	225,028	-
6. Deferred payables to government	0	-
7. Other short-term liabilities	136,661	-
8. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	288,039	-
E. ALLOWANCE FOR PAYABLES AND EXPENSES	2,356,789	-
1. Provision for taxes	2,337,960	-
2. Provision for payables and accruels	18,829	-
II. LONG-TERM LIABILITIES	1,251,095	-

A. LONG-TERM BORROWINGS	510	-
1. Bank borrowings	510	-
2. Bonds issued	0	-
3. Other marketable securities issued	0	-
4. Other long-term borrowings	0	-
B. TRADE PAYABLES	724,762	-
1. Suppliers	788,895	-
2. Notes payable	0	-
3. Deposits and guarantees received	0	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	-64,133	-
C. OTHER LONG-TERM BORROWINGS	0	-
1. Due to shareholders	0	-
2. Due to investments	0	-
3. Due to subsidiaries	0	-
4. Deferred payables to government	0	-
5. Other long-term borrowings	0	-
6. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	0	-
E. PROVISION FOR PAYABLES AND EXPENSES	525,823	-
1. Provision for retirement pay	525,823	-
2. Provision for other payables and accruels	0	-
III. SHAREHOLDERS' EQUITY	8,938,001	-
A. SHARE CAPITAL	1,500,000	-
B. CAPITAL COMMITMENTS (-)	0	-
C. SHARE PREMIUM	2,662	-
D. REVALUATION SURPLUS	645,288	-
1. Revaluation surplus on fixed assets	643,288	-
2. Revaluation surplus on investments	2,000	-
3. Revaluation surplus on common stocks	0	-
E. RESERVES	204,381	-
1. Legal reserves	198,149	-
2. Statutory reserves	0	-
3. Special reserves	0	-
4. Extraordinary reserves	6,232	-
5. Cost increase fund	0	-
6. Fixed assets and investment sales income to	0	-
F. NET INCOME FOR THE PERIOD	6,585,670	-
G. LOSS FOR THE PERIOD (-)	0	-
H. PRIOR YEAR LOSSES (-)	0	-
I. PREVIOUS YEAR LOSSES (-)	0	-
1. ....year losses	0	-
2. ....year losses	0	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,224,091	-
A. GROSS SALES	29,854,576	-
1. Domestic sales	29,177,330	-
2. Exports	546,880	-
3. Other sales	130,365	-
B. SALES DEDUCTIONS (-)	-812,215	-
1. Sales returns (-)	-223,373	-
2. Sales discounts (-)	-588,842	-
3. Other deductions (-)	0	-
C. NET SALES	29,042,360	-
D. COST OF SALES (-)	-17,170,788	-

GROSS PROFIT (LOSS)	11,871,573	-
E. OPERATING EXPENSES (-)	-3,732,811	-
1. Research and development expenses (-)	0	-
2. Selling ana marketing expenses (-)	-2,487,908	-
3. General and admiinistrative expenses (-)	-1,244,903	-
PROFIT (LOSS) FROM MAIN OPERATIONS	8,138,762	-
F. INCOME AND PROFIT FROM OTHER OPERATIONS	2,334,767	-
1. Dividends from investments	8,600	-
2. Dividends from subsidiaries	122,944	-
3. Interest and other dividend income	1,742,646	-
4. Other operating income and profits	460,577	-
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-644,118	-
H. FINANCIAL EXPENSES (-)	-310,091	-
1. Short-term financial expenses	-305,792	-
2. Long-term financial expenses	-4,299	-
OPERATING PROFIT (LOSS)	9,519,320	-
I. EXTRAORDINARY INCOME AND PROFITS	9,246	-
1. Reversal of provisions	0	-
2. Prior year income and profit	0	-
3. Other extraordinary income and profit	9,246	-
J. EXTARORDINARY EXPENSES AND LOSSES	-604,936	-
1. Idle division expenses and losses	-71,471	-
2. Prior year expenses and losses	-35,463	-
3. Other extraordinary expenses and losses	-498,002	-
INCOME BEFORE TAXATION	8,923,630	-
K. TAXATION AND OTHER LEGAL LIABILITIES	-2,337,960	-
NET INCOME (LOSS)	6,585,670	

FINANCIAL STATEMENTS (Million TL)*	1999 4.Period	2000 4.Period
I. CURRENT ASSETS	21,440,564	34,216,826
A.LIQUID ASSETS	5,750,864	11,902,406
1. Cash	180,484	442,502
2. Banks	5,294,288	7,827,186
3. Other liquid assets	276,092	3,632,718
B. MARKETABLE SECURITIES	3,995,415	3,409,375
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	3,409,298	3,409,375
4. Other marketable securities	586,117	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	2,899,450	4,714,515
1. Customers	2,913,836	4,765,644
2. Notes receivable	0	0
3. Deposits and guarantes given	0	0
4. Other short-term trade receivables	0	0
5. Rediscount of notes receivable (-)	-11,855	-48,598
6. Provision for doubtful receivables (-)	-2,531	-2,531
D. OTHER SHORT-TERM TRADE RECEIVABLES	153,249	4,750,481
1. Due from shareholders	0	26,457
2. Due from investments	0	0
3. Due from subsidiaries	0	0

4. Other short-term receivables	153,249	7,664,333
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	-2,940,309
E. INVENTORIES	5,687,536	8,329,044
1. Raw materials	1,340,721	1,862,244
2. Semi-finished goods	2,458,712	3,829,391
3. Work in progress	0	0
4. Finished goods	1,231,147	1,610,779
5. Commercial goods	8,264	25,925
6. Other inventories	0	0
7. Provision for diminution in value of invent	0	0
8. Order advances given	648,692	1,000,705
F. OTHER CURRENT ASSETS	2,954,050	1,111,005
II. NON-CURRENT ASSETS	8,417,411	16,941,078
A. LONG-TERM TRADE RECEIVABLES	1,299	1,597
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	1,299	1,597
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	14,291	14,986
1. Due from shareholders	0	0
2. Due from investments	0	0
3. Due from subsidiaries	0	0
4. Other long-term receivables	14,291	14,986
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	116,926	1,092,619
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	20,000	26,600
4. Capital commitments to investments	0	0
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	96,926	1,066,019
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	7,933,516	15,127,087
1. Land	249,750	512,679
2. Land improvements	124,077	243,737
3. Buildings	1,849,196	3,256,343
4. Machinery and equipment	7,105,703	14,228,100
5. Motor vehicles	180,052	484,954
6. Furniture and fixtures	1,086,740	2,012,984
7. Other fixed assets	1,335,828	1,482,707
8. Accumulated depreciation (-)	-5,979,544	-12,454,304
9. Construction in progress	1,673,418	4,274,236
10. Order advances given	308,296	1,085,651
E. INTANGIBLE ASSETS	327,875	610,230
1. Establishment cost (net)	0	0
2. Rights	8,924	29,692
3. Research and development expenses	0	0
4. Other intangible assets	318,951	580,538

5. Advances gives	0	0
F. OTHER NON-CURRENT ASSETS	23,504	94,559
TOTAL ASSETS	29,857,975	51,157,904
I. CURRENT LIABILITIES	9,996,305	15,346,334
A. SHORT-TERM BORROWINGS	510	0
1. Bank borrowings	0	0
2. Principal installments and interest on long	510	0
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	5,867,968	11,363,842
1. Suppliers	5,921,402	11,485,141
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-53,434	-121,299
C. OTHER CURRENT LIABILITIES	780,445	1,782,373
1. Due to shareholders	258	19,667
2. Due to investments	0	0
3. Due to subsidiaries	77,963	0
4. Accrued expenses	0	0
5. Witholdings payable	496,526	516,523
6. Deferred payables to government	0	0
7. Other short-term liabilities	205,698	1,246,183
8. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	139,422	118,819
E. ALLOWANCE FOR PAYABLES AND EXPENSES	3,207,960	2,081,300
1. Provision for taxes	3,181,070	1,238,576
2. Provision for payables and accruels	26,890	842,724
II. LONG-TERM LIABILITIES	3,729,208	13,936,598
A. LONG-TERM BORROWINGS	0	6,750,040
1. Bank borrowings	0	6,750,040
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	2,611,659	5,452,214
1. Suppliers	2,897,731	6,108,638
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-286,072	-656,424
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	1,117,549	1,734,344
1. Provision for retirement pay	1,117,549	1,734,344
2. Provision for other payables and accruels	0	0
III. SHAREHOLDERS' EQUITY	16,132,462	21,874,972
A. SHARE CAPITAL	6,000,000	9,026,000

B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	2,662	3,160,786
D. REVALUATION SURPLUS	1,625,041	4,819,399
1. Revaluation surplus on fixed assets	1,623,041	4,508,297
2. Revaluation surplus on investments	2,000	311,102
3. Revaluation surplus on common stocks	0	0
E. RESERVES	875,510	3,964,297
1. Legal reserves	554,725	1,084,950
2. Statutory reserves	0	0
3. Special reserves	0	0
4. Extraordinary reserves	320,785	2,879,347
5. Cost increase fund	0	0
6. Fixed assets and investment sales income to	0	0
F. NET INCOME FOR THE PERIOD	7,629,249	904,490
G. LOSS FOR THE PERIOD (-)	0	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	0
1. ....year losses	0	0
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,857,975	51,157,904
A. GROSS SALES	53,656,376	84,069,932
1. Domestic sales	52,895,955	82,897,988
2. Exports	622,148	987,256
3. Other sales	138,273	184,688
B. SALES DEDUCTIONS (-)	-1,628,208	-2,941,581
1. Sales returns (-)	-516,254	-1,028,077
2. Sales discounts (-)	-1,111,954	-1,913,504
3. Other deductions (-)	0	0
C. NET SALES	52,028,168	81,128,351
D. COST OF SALES (-)	-36,021,396	-64,727,305
GROSS PROFIT (LOSS)	16,006,772	16,401,046
E. OPERATING EXPENSES (-)	-8,065,596	-16,433,487
1. Research and development expenses (-)	0	0
2. Selling ana marketing expenses (-)	-5,298,829	-9,049,601
3. General and admiinistrative expenses (-)	-2,766,767	-7,383,886
PROFIT (LOSS) FROM MAIN OPERATIONS	7,941,176	-32,441
F. INCOME AND PROFIT FROM OTHER OPERATIONS	7,363,858	6,181,895
1. Dividends from investments	5,000	7,700
2. Dividends from subsidiaries	126,060	1,554
3. Interest and other dividend income	4,070,151	3,994,039
4. Other operating income and profits	3,162,647	2,178,602
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-2,208,857	-2,675,243
H. FINANCIAL EXPENSES (-)	-366,302	-1,314,591
1. Short-term financial expenses	-364,735	-1,162,731
2. Long-term financial expenses	-1,567	-151,860
OPERATING PROFIT (LOSS)	12,729,875	2,159,620
I. EXTRAORDINARY INCOME AND PROFITS	12,878	414,933
1. Reversal of provisions	355	0
2. Prior year income and profit	0	0
3. Other extraordinary income and profit	12,523	414,933
J. EXTARORDINARY EXPENSES AND LOSSES	-1,932,434	-431,487
1. Idle division expenses and losses	-507,533	0
2. Prior year expenses and losses	-104,750	-145,580
3. Other extraordinary expenses and losses	-1,320,151	-285,907

INCOME BEFORE TAXATION	10,810,319	2,143,066
K. TAXATION AND OTHER LEGAL LIABILITIES	-3,181,070	-1,238,576
NET INCOME (LOSS)	7,629,249	904,490

FINANCIAL STATEMENTS (Million TL)*	2001 4.Period	2002 4.Period
I. CURRENT ASSETS	37,829,660	53,512,703
A.LIQUID ASSETS	6,013,967	7,039,774
1. Cash	301,675	370,966
2. Banks	980,170	5,159,641
3. Other liquid assets	4,732,122	1,509,167
B. MARKETABLE SECURITIES	347,000	0
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	347,000	0
4. Other marketable securities	0	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	10,261,362	18,358,631
1. Customers	10,363,609	18,698,344
2. Notes receivable	0	15,450
3. Deposits and guarantes given	0	0
4. Other short-term trade receivables	0	0
5. Rediscount of notes receivable (-)	-96,338	-113,478
6. Provision for doubtful receivables (-)	-5,909	-241,685
D. OTHER SHORT-TERM TRADE RECEIVABLES	3,337,871	3,967,982
1. Due from shareholders	120,816	111,268
2. Due from investments	0	0
3. Due from subsidiaries	17,184,185	19,341,335
4. Other short-term receivables	121,973	87,786
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	-14,089,103	-15,572,407
E. INVENTORIES	16,620,300	22,535,429
1. Raw materials	3,741,546	4,245,962
2. Semi-finished goods	6,987,222	10,059,628
3. Work in progress	0	0
4. Finished goods	4,475,741	6,840,086
5. Commercial goods	36,341	36,504
6. Other inventories	0	0
7. Provision for diminution in value of invent	0	0
8. Order advances given	1,379,450	1,353,249
F. OTHER CURRENT ASSETS	1,249,160	1,610,887
II. NON-CURRENT ASSETS	45,391,797	55,620,064
A. LONG-TERM TRADE RECEIVABLES	2,312	2,880
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	2,312	2,880
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	15,358	16,351
1. Due from shareholders	0	0
2. Due from investments	0	0
3. Due from subsidiaries	0	0

4. Other long-term receivables	15,358	16,351
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	2,196,530	3,093,876
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	26,600	26,600
4. Capital commitments to investments	0	0
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	2,169,930	3,090,642
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	-23,366
9. Other non-current financial assets	0	0
D. FIXED ASSETS	39,201,261	50,331,116
1. Land	625,934	625,934
2. Land improvements	688,984	1,557,068
3. Buildings	11,281,235	18,535,611
4. Machinery and equipment	49,473,367	80,898,678
5. Motor vehicles	791,877	1,058,412
6. Furniture and fixtures	3,109,767	4,759,806
7. Other fixed assets	2,533,771	7,924,318
8. Accumulated depreciation (-)	-33,205,878	-69,211,952
9. Construction in progress	3,049,560	4,183,241
10. Order advances given	852,644	0
E. INTANGIBLE ASSETS	3,907,720	2,119,585
1. Establishment cost (net)	0	0
2. Rights	2,452,106	74,119
3. Research and development expenses	0	0
4. Other intangible assets	1,455,614	2,045,466
5. Advances gives	0	0
F. OTHER NON-CURRENT ASSETS	68,616	56,256
TOTAL ASSETS	83,221,457	109,132,767
I. CURRENT LIABILITIES	30,424,883	40,535,642
A. SHORT-TERM BORROWINGS	5,209,781	16,527,568
1. Bank borrowings	0	3,657,377
2. Principal installments and interest on long	5,209,781	12,870,191
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	22,359,475	17,940,062
1. Suppliers	20,994,842	16,170,838
2. Notes payable	1,446,510	1,642,384
3. Deposits and guarantees received	28,930	32,848
4. Other trade payables	0	103,699
5. Rediscount of notes payable (-)	-110,807	-9,707
C. OTHER CURRENT LIABILITIES	1,281,051	1,699,963
1. Due to shareholders	8,420	7,350
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	0	0
5. Witholdings payable	1,259,788	1,257,919
6. Deferred payables to government	0	0
7. Other short-term liabilities	12,843	434,694
8. Rediscount of notes payable (-)	0	0

D. ADVANCES RECEIVED	399,462	1,543,385
E. ALLOWANCE FOR PAYABLES AND EXPENSES	1,175,114	2,824,664
1. Provision for taxes	544,651	2,001,196
2. Provision for payables and accruels	630,463	823,468
II. LONG-TERM LIABILITIES	37,577,425	29,852,357
A. LONG-TERM BORROWINGS	24,108,499	24,869,012
1. Bank borrowings	24,108,499	24,869,012
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	10,841,888	807,249
1. Suppliers	9,129,850	0
2. Notes payable	2,169,765	821,192
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	-457,727	-13,943
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	2,627,038	4,176,096
1. Provision for retirement pay	2,507,988	4,176,096
2. Provision for other payables and accruels	119,050	0
III. SHAREHOLDERS' EQUITY	15,219,149	38,744,768
A. SHARE CAPITAL	9,026,000	9,026,000
B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	3,160,786	3,160,786
D. REVALUATION SURPLUS	9,530,215	29,714,286
1. Revaluation surplus on fixed assets	9,219,114	29,403,185
2. Revaluation surplus on investments	311,101	311,101
3. Revaluation surplus on common stocks	0	0
E. RESERVES	4,354,181	4,400,510
1. Legal reserves	1,138,315	1,138,315
2. Statutory reserves	0	0
3. Special reserves	0	0
4. Extraordinary reserves	3,215,866	3,215,866
5. Cost increase fund	0	46,329
6. Fixed assets and investment sales income to	0	0
F. NET INCOME FOR THE PERIOD	0	3,295,219
G. LOSS FOR THE PERIOD (-)	-10,852,033	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	-10,852,033
1. ....year losses	0	-10,852,033
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	83,221,457	109,132,767
A. GROSS SALES	139,278,259	195,067,166
1. Domestic sales	134,952,030	189,496,231
2. Exports	3,916,712	5,254,473
3. Other sales	409,517	316,462
B. SALES DEDUCTIONS (-)	-7,269,099	-10,236,023

1. Sales returns (-)	-2,960,830	-4,305,950
2. Sales discounts (-)	-4,308,269	-5,930,073
3. Other deductions (-)	0	0
C. NET SALES	132,009,160	184,831,143
D. COST OF SALES (-)	-117,894,391	-149,472,661
GROSS PROFIT (LOSS)	14,114,769	35,358,482
E. OPERATING EXPENSES (-)	-30,303,797	-26,389,550
1. Research and development expenses (-)	-78,274	-99,392
2. Selling ana marketing expenses (-)	-12,887,151	-17,800,293
3. General and admiinistrative expenses (-)	-17,338,372	-8,489,865
PROFIT (LOSS) FROM MAIN OPERATIONS	-16,189,028	8,968,932
F. INCOME AND PROFIT FROM OTHER OPERATIONS	25,135,294	19,296,046
1. Dividends from investments	11,000	10,450
2. Dividends from subsidiaries	15,841	13,228
3. Interest and other dividend income	9,549,911	6,111,246
4. Other operating income and profits	15,558,542	13,161,122
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-17,573,746	-20,717,972
H. FINANCIAL EXPENSES (-)	-1,696,503	-2,401,985
1. Short-term financial expenses	-1,696,503	-838,104
2. Long-term financial expenses	0	-1,563,881
OPERATING PROFIT (LOSS)	-10,323,983	5,145,021
I. EXTRAORDINARY INCOME AND PROFITS	204,425	5,166,052
1. Reversal of provisions	0	5,028,858
2. Prior year income and profit	0	38,350
3. Other extraordinary income and profit	204,425	98,844
J. EXTARORDINARY EXPENSES AND LOSSES	-187,824	-5,014,658
1. Idle division expenses and losses	0	0
2. Prior year expenses and losses	-187,824	-161,867
3. Other extraordinary expenses and losses	0	-4,852,791
INCOME BEFORE TAXATION	-10,307,382	5,296,415
K. TAXATION AND OTHER LEGAL LIABILITIES	-544,651	-2,001,196
NET INCOME (LOSS)	-10,852,033	3,295,219

APPENDIX 2

	1999	%	1998	%
Gross Sales	70,641,740	100	47,643,793	100
Sales Deduction (-)	10,379,531	14,6	6,523,212	13,6
Net Sales	60,262,209	85,3	41,120,581	86,3
Cost of Sales (-)	49,144,990	69,5	33,936,986	71,2
Gross Profit (loss)	11,117,219	15,7	7,183,595	15,1
Operating Expenses (-)	4,740,418	06,7	2,571,543	05,3
Profit (loss) from Main Operattion	6,376801	09,0	4,612,052	09,6
Income And Profit From Other Operations	1,262,853	01,7	447,147	0,9
Expensess and Losess From Other Operations (-)	172,618	0,24	190,113	0,3
Financial Expenses (-)	4,851,030	06,8	3,069,293	06,4
Operating Profit (loss)	2,616,006	03,7	1,799,793	03,7
Extra Ordinary Income And Profits	10,135,	0,01	23,118	0,04
Extra Ordinary Expenses And Losses (-)	914,460	01,2	11,613	0,02
Income Before Taxation	1,711,681	02,4	1,811,298	03,8
Taxation And Other Legal Liabilities (-)	577,385	0,81	481,684	01,0
Net Income (-)	1,134,296	14,8	1,329,614	02,8

	2000	%	1999	%
Gross Sales	109,554,540	100	70,641,740	100
Sales Deduction (-)	17,526,287	15,9	10,379,531	14,6
Net Sales	92,028,253	84,0	60,262,209	85,3
Cost of Sales (-)	74,858,561	68,3	49,144,990	69,5
Gross Profit (loss)	17,169,692	15,6	11,117,219	15,7
Operating Expenses (-)	10,074,690	09,1	4,740,418	06,7
Profit (loss) from Main Operattion	7,095,002	06,4	6,376801	09,0
Income And Profit From Other Operations	1,786,016	01,6	1,262,853	01,7
Expensess and Losess From Other Operations (-)	284,955	0,26	172,618	0,24
Financial Expenses (-)	3,262,503	02,9	4,851,030	06,8
Operating Profit (loss)	5,333,560	04,8	2,616,006	03,7
Extra Ordinary Income And Profits	66,238	0,06	10,135,	0,01
Extra Ordinary Expenses And Losses (-)	56,973	0,05	914,460	01,2
Income Before Taxation	5,345,825	04,8	1,711,681	02,4
Taxation And Other Legal Liabilities (-)	1,935,608	01,76	577,385	0,81
Net Income (-)	3,410,217	03,1	1,134,296	14,8

	2001	%	2000	%
Gross Sales	140,230,770	100	109,554,540	100
Sales Deduction (-)	22,505,042	16,04	17,526,287	15,9
Net Sales	117,725,728	83,9	92,028,253	84,0
Cost of Sales (-)	100,879,360	71,9	74,858,561	68,3
Gross Profit (loss)	16,846,368	12,01	17,169,692	15,6
Operating Expenses (-)	11,188,367	07,9	10,074,690	09,1
Profit (loss) from Main Operattion	5,658,001	04,0	7,095,002	06,4
Income And Profit From Other Operations	33,006,826	23,53	1,786,016	01,6
Expensess and Losess From Other Operations (-)	1,132,211	0,80	284,955	0,26
Financial Expenses (-)	41,951,483	29,9	3,262,503	02,9
Operating Profit (loss)	4,418,867	03,1	5,333,560	04,8
Extra Ordinary Income And Profits	76,973	0,05	66,238	0,06
Extra Ordinary Expenses And Losses (-)	22,967	0,01	56,973	0,05
Income Before Taxation	4,364,841	03,1	5,345,825	04,8
Taxation And Other Legal Liabilities (-)	0	0	1,935,608	01,76
Net Income (-)	4,364,861	03,1	3,410,217	03,1

	2002	%	2001	%
Gross Sales	192,688,407	100	140,230,770	100
Sales Deduction (-)	27,542,419	14,2	22,505,042	16,04
Net Sales	165,145,988	85,7	117,725,728	83,9
Cost of Sales (-)	137,280,950	71,2	100,879,360	71,9
Gross Profit (loss)	27,865,038	14,4	16,846,368	12,01
Operating Expenses (-)	18,680,466	09,6	11,188,367	07,9
Profit (loss) from Main Operattion	9,184,572	04,7	5,658,001	04,0
Income And Profit From Other Operations	21,329,856	11,0	33,006,826	23,53
Expensess and Losess From Other Operations (-)	1,533,775	0,79	1,132,211	0,80
Financial Expenses (-)	25,653,135	13,31	41,951,483	29,9
Operating Profit (loss)	3,327,012	01,7	4,418,867	03,1
Extra Ordinary Income And Profits	231,750	0,12	76,973	0,05
Extra Ordinary Expenses And Losses (-)	45,799	0,02	22,967	0,01
Income Before Taxation	3,512,963	01,8	4,364,841	03,1
Taxation And Other Legal Liabilities (-)	833,501	0,43	0	0
Net Income (-)	2,679,462	01,3	4,364,861	03,1

PINAR TREND PERCENTAGES

	1998	1999	2000	2001	2002
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
C.O.G .S	33,936,986	49,144,990	74,858,561	100,879,360	137,280,950
Gross Profit	7,183,595	11,117,219	17,169,692	16,846,368	27,865,038

	1998	1999	2000	2001	2002
Net Sales	% 100	% 146,58	% 223,80	% 286,29	% 401,61
C.O.G .S	% 100	% 144,81	% 220,58	% 297,25	% 404,51
Gross Profit	% 100	% 154,75	% 239,01	% 234,51	% 387,89

PINAR DOLLAR AND PERCENTAGES CHANGES

	2000	1999	1998	2000 over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 over 1998 %
Net Sales	92,028,253	60,262,209	41,120,581	31,766,044	0,345	19,141,628	0,46
Net Income	3,410,217	1,134,295	1,329,614	2,275,921	2,00	-1,195318	0,15

	2002	2001	2000	2002 over 2001 Amount	2002 Over 2001 %	2001 Over 2000 Amount	2001 over 2000 %
Net Sales	165,145,988	117,725,728	92,028,253	47,420,260	0,40	25,697,475	0,27
Net Income	2,679,462	4,364,861	3,410,217	-1,685,399	0,39	954,644	0,28

	1998	1999	2000	2001	2002
Current Asset	10,801,786	18,435,205	37,052,964	61,184,545	75,039,593
Current Liabilities	4,458,500	8,959,713	23,212,993	50,485,267	65,100,472
Current Ratio	2.4227	2.0575	1.5962	1. 2119	1.1526

	1998	1999	2000	2001	2002
Quick Assets	7,972,169	14,094,903	31,498,931	47,431,925	63,516,049
Current Liabilities	4,458,500	8 959,713	23,212,993	50,485,267	65,100,472
Quick Ratio	1.7880	1.5731	1.3569	0.9369	0.9756

	1998	1999	2000	2001	2002
Total Liabilities – Stockholders equity	11,829,173	20272,567	40,872,625	95,319,468	110,997,592
Total Assets	22,707,971	35,968,274	66,826,179	122,229,135	153,651,101
Debt Ratio	0.5209	0.5636	0.6116	0.7798	0.7224

C.O.G.S	33,936,986	49,144,990	74,858,561	100,879,360	137,280,950
Avarage Inventory		3,584,959	4,947,167	9,653,326	12,638,082
Inventory Turnover		13.7086	15.1316	10.4502	10.8624
	1998	**1999**	**2000**	**2001**	**2002**

	1998	1999	2000	2001	2002
	365	365	365	365	365
Inventory Turnover Ratio		13.708	15.131	10.450	10.862
Avarage collective Ratio		26.6267	24.1226	34.9282	33.6033

	1998	1999	2000	2001	2002
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Total Assets	22,707,971	35,968,274	66,826,176	122,229,135	153,651,101
Total Assets Turnover	1.8108	1.6754	1.3771	0.9631	1.0748

	1998	1999	2000	2001	2002
N.S – C.O.G.S.	7,183,595	11,117,219	17,169,682	16,846,368	27,265,038
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Gross Margin	0.1746	0.1844	0.1865	0.1430	0.1687

	1998	1999	2000	2001	2002
Operating Income	4,612,052	6,376,801	7,095,002	5,658,001	9,184,572
Net Sales	41,120,581	60,262,209	92,028,253	117,725,728	165,145,988
Net Operating Margin	0.1121	0.1058	0.0070	0.0480	0.0556

	1998	1999	2000	2001	2002
Net Income	6585670	7629249	904490	10852033	3295219
Commonstock Holders equıty	8938001	16132462	21874972	15219149	38744768
Return Equity	0,7368	0,4729	0,0413	0,7130	0,0850

	1998	1999	2000	2001	2002
Net Sales	No data	52,928,168	81,128,351	132,009,160	184,831,143
Avr. Accnt. Recevable	No data	2,244,490	3,839,740	7,564,626	14,530,976
Recevable Turnover Ratio	No data	29,2	21,1	17,5	12,7

	1998	1999	2000	2001	2002
365	No data	365	365	365	365
Recevable Turnover ratio	No data	23,2	21,1	17,5	12,7
Day to Collect Accn Recevable	No data	15,7	17,3	20,8	28,74

	1998	1999	2000	2001	2002
Days to Collect Accn Recevable +	No data	15,7	17,3	20,8	28,7
Days to Sell Avarage inventory	No data	46,11	39,5	38,5	47,81
Operating Cycle	No data	61,8	56,8	59,3	76,51

	1998	1999	2000	2001	2002
Net Income	6,585,60	7,629,240	-904,490	-10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	-0,082	0,0178

	1998	1999	2000	2001	2002
Operating Income	No data	7,941,176	-32441	-16,189,028	8,968,932
Avarage total Assets	No data	23,041,034	40,507,504	67,189,680	96,177,112
Return On Assets	No data	0,34	-0,0008	-0,240	0,093

	1998	1999	2000	2001	2002
Net Income	6,585,670	7,629,249	904,490	10,852,033	3,295,219
Net Sales	29,042,360	52,028,168	81,128,351	132,009,160	184,831,143
Net Income as a Percentage of Net Sales	0,226	0,146	0,011	0,082	0,0178

FINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
I. CURRENT ASSETS	10,801,786	-
A.LIQUID ASSETS	182,432	-
1. Cash	14,191	-
2. Banks	126,997	-
3. Other liquid assets	41,244	-
B. MARKETABLE SECURITIES	85,000	-
1. Share stocks	0	-
2. Private sector bills, notes and bonds	0	-
3. Government bonds and Treasury bills	0	-
4. Other marketable securities	85,000	-
5. Provision for diminution in value of market	0	-
C. SHORT-TERM TRADE RECEIVABLES	7,498,124	-
1. Customers	5,721,180	-
2. Notes receivable	1,836,178	-
3. Deposits and guarantes given	908	-
4. Other short-term trade receivables	14,360	-
5. Rediscount of notes receivable (-)	-73,811	-
6. Provision for doubtful receivables (-)	-691	-
D. OTHER SHORT-TERM TRADE RECEIVABLES	77,601	-
1. Due from shareholders	53,465	-
2. Due from investments	0	-
3. Due from subsidiaries	18,159	-
4. Other short-term receivables	6,126	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	-149	-
E. INVENTORIES	2,829,617	-
1. Raw materials	429,794	-
2. Semi-finished goods	815,842	-
3. Work in progress	0	-
4. Finished goods	1,374,325	-
5. Commercial goods	0	-
6. Other inventories	127,161	-
7. Provision for diminution in value of invent	0	-
8. Order advances given	82,495	-
F. OTHER CURRENT ASSETS	129,012	-
II. NON-CURRENT ASSETS	11,906,185	-
A. LONG-TERM TRADE RECEIVABLES	86	-
1. Customers	0	-
2. Notes receivable	0	-
3. Deposits and guarantes given	86	-
4. Other long-term trade receivables	0	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
B. OTHER LONG-TERM TRADE RECEIVABLES	1,462,712	-
1. Due from shareholders	0	-
2. Due from investments	0	-
3. Due from subsidiaries	1,088,032	-
4. Other long-term receivables	374,680	-
5. Rediscount of notes receivable (-)	0	-
6. Provision for doubtful receivables (-)	0	-
C. FINANCIAL ASSETS	1,044,938	-

1. Marketable securities issued by subsidiarie	985,050	-
2. Provision for diminution in value of market	-87,885	-
3. Investments	50,726	-
4. Capital commitments to investments	0	-
5. Provision for diminution in value of invest	0	-
6. Subsidiaries	97,047	-
7. Capital commitments to subsidiaries (-)	0	-
8. Provision for diminution in value of subsid	0	-
9. Other non-current financial assets	0	-
D. FIXED ASSETS	9,183,550	-
1. Land	341,494	-
2. Land improvements	275,422	-
3. Buildings	2,970,480	-
4. Machinery and equipment	10,535,294	-
5. Motor vehicles	1,190,158	-
6. Furniture and fixtures	1,740,669	-
7. Other fixed assets	0	-
8. Accumulated depreciation (-)	-7,930,697	-
9. Construction in progress	60,730	-
10. Order advances given	0	-
E. INTANGIBLE ASSETS	158,301	-
1. Establishment cost (net)	0	-
2. Rights	92,642	-
3. Research and development expenses	0	-
4. Other intangible assets	64,049	-
5. Advances gives	1,610	-
F. OTHER NON-CURRENT ASSETS	56,598	-
TOTAL ASSETS	22,707,971	-
I. CURRENT LIABILITIES	4,458,500	-
A. SHORT-TERM BORROWINGS	995,189	-
1. Bank borrowings	50,000	-
2. Principal installments and interest on long	945,189	-
3. Principal installments and interest on bill	0	-
4. Notes and bonds issued	0	-
5. Other short-term borrowings	0	-
B. TRADE PAYABLES	2,366,386	-
1. Suppliers	2,366,299	-
2. Notes payable	0	-
3. Deposits and guarantees received	87	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	0	-
C. OTHER CURRENT LIABILITIES	415,396	-
1. Due to shareholders	1,674	-
2. Due to investments	0	-
3. Due to subsidiaries	0	-
4. Accrued expenses	36,801	-
5. Witholdings payable	320,460	-
6. Deferred payables to government	0	-
7. Other short-term liabilities	56,461	-
8. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	550	-
E. ALLOWANCE FOR PAYABLES AND EXPENSES	680,979	-
1. Provision for taxes	481,684	-
2. Provision for payables and accruels	199,295	-

II. LONG-TERM LIABILITIES	7,370,682	-
A. LONG-TERM BORROWINGS	6,813,431	-
1. Bank borrowings	6,813,431	-
2. Bonds issued	0	-
3. Other marketable securities issued	0	-
4. Other long-term borrowings	0	-
B. TRADE PAYABLES	0	-
1. Suppliers	0	-
2. Notes payable	0	-
3. Deposits and guarantees received	0	-
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	0	-
C. OTHER LONG-TERM BORROWINGS	0	-
1. Due to shareholders	0	-
2. Due to investments	0	-
3. Due to subsidiaries	0	-
4. Deferred payables to government	0	-
5. Other long-term borrowings	0	-
6. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	0	-
E. PROVISION FOR PAYABLES AND EXPENSES	557,251	-
1. Provision for retirement pay	557,251	-
2. Provision for other payables and accruels	0	-
III. SHAREHOLDERS' EQUITY	10,878,789	-
A. SHARE CAPITAL	3,675,000	-
B. CAPITAL COMMITMENTS (-)	0	-
C. SHARE PREMIUM	2,987	-
D. REVALUATION SURPLUS	5,459,547	-
1. Revaluation surplus on fixed assets	5,343,929	-
2. Revaluation surplus on investments	115,618	-
3. Revaluation surplus on common stocks	0	-
E. RESERVES	411,641	-
1. Legal reserves	180,237	-
2. Statutory reserves	0	-
3. Special reserves	0	-
4. Extraordinary reserves	218,187	-
5. Cost increase fund	13,217	-
6. Fixed assets and investment sales income to	0	-
F. NET INCOME FOR THE PERIOD	1,329,614	-
G. LOSS FOR THE PERIOD (-)	0	-
H. PRIOR YEAR LOSSES (-)	0	-
I. PREVIOUS YEAR LOSSES (-)	0	-
1. ....year losses	0	-
2. ....year losses	0	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,707,971	-
A. GROSS SALES	47,643,793	-
1. Domestic sales	46,841,381	-
2. Exports	263,694	-
3. Other sales	538,718	-
B. SALES DEDUCTIONS (-)	-6,523,212	-
1. Sales returns (-)	-777,434	-
2. Sales discounts (-)	-5,222,959	-
3. Other deductions (-)	-522,819	-
C. NET SALES	41,120,581	-

D. COST OF SALES (-)	-33,936,986	-
GROSS PROFIT (LOSS)	7,183,595	-
E. OPERATING EXPENSES (-)	-2,571,543	-
1. Research and development expenses (-)	-43,904	-
2. Selling ana marketing expenses (-)	-1,199,730	-
3. General and admiinistrative expenses (-)	-1,327,909	-
PROFIT (LOSS) FROM MAIN OPERATIONS	4,612,052	-
F. INCOME AND PROFIT FROM OTHER OPERATIONS	447,147	-
1. Dividends from investments	1,630	-
2. Dividends from subsidiaries	4,852	-
3. Interest and other dividend income	2,710	-
4. Other operating income and profits	437,955	-
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-190,113	-
H. FINANCIAL EXPENSES (-)	-3,069,293	-
1. Short-term financial expenses	-508,805	-
2. Long-term financial expenses	-2,560,488	-
OPERATING PROFIT (LOSS)	1,799,793	-
I. EXTRAORDINARY INCOME AND PROFITS	23,118	-
1. Reversal of provisions	0	-
2. Prior year income and profit	3,458	-
3. Other extraordinary income and profit	19,660	-
J. EXTARORDINARY EXPENSES AND LOSSES	-11,613	-
1. Idle division expenses and losses	0	-
2. Prior year expenses and losses	-2,089	-
3. Other extraordinary expenses and losses	-9,524	-
INCOME BEFORE TAXATION	1,811,298	-
K. TAXATION AND OTHER LEGAL LIABILITIES	-481,684	-
NET INCOME (LOSS)	1,329,614	-

FINANCIAL STATEMENTS (Million TL)*	1999 4.Period	2000 4.Period
I. CURRENT ASSETS	18,435,205	37,052,964
A.LIQUID ASSETS	164,530	1,091,495
1. Cash	29,064	31,898
2. Banks	69,416	12,197
3. Other liquid assets	66,050	1,047,400
B. MARKETABLE SECURITIES	300,000	205,000
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	300,000	205,000
4. Other marketable securities	0	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	11,276,987	17,314,880
1. Customers	8,817,715	15,629,690
2. Notes receivable	2,547,173	1,712,989
3. Deposits and guarantes given	608	10,710
4. Other short-term trade receivables	9,235	21,134
5. Rediscount of notes receivable (-)	-97,053	-54,518
6. Provision for doubtful receivables (-)	-691	-5,125
D. OTHER SHORT-TERM TRADE RECEIVABLES	1,515,928	11,686,753
1. Due from shareholders	290,358	5,079,022
2. Due from investments	0	58,510

3. Due from subsidiaries	148,250	92,369
4. Other short-term receivables	1,077,469	6,457,001
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	-149	-149
E. INVENTORIES	4,340,302	5,554,033
1. Raw materials	829,053	864,253
2. Semi-finished goods	1,629,038	2,565,506
3. Work in progress	0	0
4. Finished goods	1,588,051	1,765,452
5. Commercial goods	0	0
6. Other inventories	234,150	327,941
7. Provision for diminution in value of invent	0	0
8. Order advances given	60,010	30,881
F. OTHER CURRENT ASSETS	837,458	1,200,803
II. NON-CURRENT ASSETS	17,533,069	29,773,215
A. LONG-TERM TRADE RECEIVABLES	86	216
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	86	216
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	4,550,952	10,816,673
1. Due from shareholders	3,038,578	317,790
2. Due from investments	0	0
3. Due from subsidiaries	1,512,374	2,377,603
4. Other long-term receivables	0	8,121,280
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	480,799	1,193,990
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	279,773	1,178,620
4. Capital commitments to investments	0	-331,227
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	346,597	346,597
7. Capital commitments to subsidiaries (-)	-145,571	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	12,135,646	16,952,351
1. Land	332,222	332,222
2. Land improvements	423,090	1,004,548
3. Buildings	4,497,073	7,334,888
4. Machinery and equipment	16,200,089	26,575,724
5. Motor vehicles	1,777,523	2,405,939
6. Furniture and fixtures	3,040,473	5,223,812
7. Other fixed assets	0	0
8. Accumulated depreciation (-)	-14,265,380	-25,938,477
9. Construction in progress	59,189	9,791
10. Order advances given	71,367	3,904
E. INTANGIBLE ASSETS	362,388	809,930
1. Establishment cost (net)	0	0
2. Rights	250,548	412,964
3. Research and development expenses	0	0

4. Other intangible assets	106,899	386,596
5. Advances gives	4,941	10,370
F. OTHER NON-CURRENT ASSETS	3,198	55
TOTAL ASSETS	35,968,274	66,826,179
I. CURRENT LIABILITIES	8,959,713	23,212,993
A. SHORT-TERM BORROWINGS	4,126,248	11,720,419
1. Bank borrowings	0	1,500,000
2. Principal installments and interest on long	4,126,248	10,220,419
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	2,987,220	6,123,477
1. Suppliers	2,987,204	6,123,461
2. Notes payable	0	0
3. Deposits and guarantees received	16	16
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	0	0
C. OTHER CURRENT LIABILITIES	688,180	1,079,850
1. Due to shareholders	4,725	5,609
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	110,196	11,186
5. Witholdings payable	503,941	883,957
6. Deferred payables to government	0	0
7. Other short-term liabilities	69,318	179,098
8. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. ALLOWANCE FOR PAYABLES AND EXPENSES	1,158,065	4,289,247
1. Provision for taxes	577,385	1,897,469
2. Provision for payables and accruels	580,680	2,391,778
II. LONG-TERM LIABILITIES	11,312,852	17,659,632
A. LONG-TERM BORROWINGS	10,278,503	15,914,050
1. Bank borrowings	10,278,503	15,914,050
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	0	0
1. Suppliers	0	0
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	*0*	*0*
5. Rediscount of notes payable (-)	0	0
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	1,034,349	1,745,582
1. Provision for retirement pay	1,034,349	1,745,582
2. Provision for other payables and accruels	0	0
III. SHAREHOLDERS' EQUITY	15,695,709	25,953,554

A. SHARE CAPITAL	3,675,000	4,012,500
B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	2,987	3,062
D. REVALUATION SURPLUS	9,874,641	17,177,001
1. Revaluation surplus on fixed assets	9,821,232	16,889,820
2. Revaluation surplus on investments	53,409	287,181
3. Revaluation surplus on common stocks	0	0
E. RESERVES	1,008,785	1,350,774
1. Legal reserves	304,992	477,359
2. Statutory reserves	0	0
3. Special reserves	0	0
4. Extraordinary reserves	656,546	740,944
5. Cost increase fund	47,247	120,887
6. Fixed assets and investment sales income to	0	11,584
F. NET INCOME FOR THE PERIOD	1,134,296	3,410,217
G. LOSS FOR THE PERIOD (-)	0	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	0
1. ....year losses	0	0
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,968,274	66,826,179
A. GROSS SALES	70,641,740	109,554,540
1. Domestic sales	69,809,426	108,016,374
2. Exports	412,238	676,806
3. Other sales	420,076	861,360
B. SALES DEDUCTIONS (-)	-10,379,531	-17,526,287
1. Sales returns (-)	-1,437,397	-2,229,528
2. Sales discounts (-)	-8,022,841	-13,672,736
3. Other deductions (-)	-919,293	-1,624,023
C. NET SALES	60,262,209	92,028,253
D. COST OF SALES (-)	-49,144,990	-74,858,561
GROSS PROFIT (LOSS)	11,117,219	17,169,692
E. OPERATING EXPENSES (-)	-4,740,418	-10,074,690
1. Research and development expenses (-)	-102,644	-185,928
2. Selling ana marketing expenses (-)	-2,408,591	-5,765,109
3. General and admiinistrative expenses (-)	-2,229,183	-4,123,653
PROFIT (LOSS) FROM MAIN OPERATIONS	6,376,801	7,095,002
F. INCOME AND PROFIT FROM OTHER OPERATIONS	1,262,853	1,786,016
1. Dividends from investments	104,078	387,838
2. Dividends from subsidiaries	28,892	10,051
3. Interest and other dividend income	47,640	137,010
4. Other operating income and profits	1,082,243	1,251,117
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-172,618	-284,955
H. FINANCIAL EXPENSES (-)	-4,851,030	-3,262,503
1. Short-term financial expenses	-473,224	-837,845
2. Long-term financial expenses	-4,377,806	-2,424,658
OPERATING PROFIT (LOSS)	2,616,006	5,333,560
I. EXTRAORDINARY INCOME AND PROFITS	10,135	69,238
1. Reversal of provisions	0	0
2. Prior year income and profit	0	3,950
3. Other extraordinary income and profit	10,135	65,288
J. EXTARORDINARY EXPENSES AND LOSSES	-914,460	-56,973
1. Idle division expenses and losses	0	0
2. Prior year expenses and losses	-3	-35,188

3. Other extraordinary expenses and losses	-914,457	-21,785
INCOME BEFORE TAXATION	1,711,681	5,345,825
K. TAXATION AND OTHER LEGAL LIABILITIES	-577,385	-1,935,608
NET INCOME (LOSS)	1,134,296	3,410,217

FINANCIAL STATEMENTS (Million TL)*	2001 4.Period	2002 4.Period
I. CURRENT ASSETS	61,184,545	75,039,593
A.LIQUID ASSETS	2,128,815	319,878
1. Cash	15,101	46,665
2. Banks	2,080,033	255,559
3. Other liquid assets	33,681	17,654
B. MARKETABLE SECURITIES	0	0
1. Share stocks	0	0
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	0	0
4. Other marketable securities	0	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	15,911,678	19,942,847
1. Customers	13,418,955	18,890,063
2. Notes receivable	2,381,081	972,758
3. Deposits and guarantes given	195,892	14,995
4. Other short-term trade receivables	10,974	179,064
5. Rediscount of notes receivable (-)	-86,796	-40,210
6. Provision for doubtful receivables (-)	-8,428	-73,823
D. OTHER SHORT-TERM TRADE RECEIVABLES	29,038,300	42,089,431
1. Due from shareholders	1,594,712	1,766,511
2. Due from investments	2,048,094	153,188
3. Due from subsidiaries	0	0
4. Other short-term receivables	25,395,643	40,169,732
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	-149	0
E. INVENTORIES	13,752,620	11,523,544
1. Raw materials	1,935,396	2,776,396
2. Semi-finished goods	4,945,084	2,663,139
3. Work in progress	0	0
4. Finished goods	6,135,573	4,753,406
5. Commercial goods	0	2,702
6. Other inventories	563,250	755,987
7. Provision for diminution in value of invent	0	0
8. Order advances given	173,317	571,914
F. OTHER CURRENT ASSETS	353,132	1,163,893
II. NON-CURRENT ASSETS	61,044,590	78,611,508
A. LONG-TERM TRADE RECEIVABLES	216	261
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	216	261
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B. OTHER LONG-TERM TRADE RECEIVABLES	35,780,861	42,299,783
1. Due from shareholders	9,036,701	12,602,437
2. Due from investments	2,789,699	0

3. Due from subsidiaries	0	0
4. Other long-term receivables	23,954,461	29,697,346
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
C. FINANCIAL ASSETS	2,297,915	7,794,982
1. Marketable securities issued by subsidiarie	0	0
2. Provision for diminution in value of market	0	0
3. Investments	2,785,817	5,756,816
4. Capital commitments to investments	-667,967	0
5. Provision for diminution in value of invest	0	0
6. Subsidiaries	0	0
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	180,065	2,038,166
D. FIXED ASSETS	20,643,605	26,847,291
1. Land	332,222	332,222
2. Land improvements	1,503,724	2,278,241
3. Buildings	11,239,417	17,910,267
4. Machinery and equipment	40,144,172	58,949,415
5. Motor vehicles	3,220,011	4,130,041
6. Furniture and fixtures	7,753,078	11,335,767
7. Other fixed assets	0	0
8. Accumulated depreciation (-)	-43,549,019	-68,091,962
9. Construction in progress	0	3,300
10. Order advances given	0	0
E. INTANGIBLE ASSETS	2,321,993	1,669,191
1. Establishment cost (net)	0	0
2. Rights	2,189,424	1,579,599
3. Research and development expenses	0	0
4. Other intangible assets	113,272	47,873
5. Advances gives	19,297	41,719
F. OTHER NON-CURRENT ASSETS	0	0
TOTAL ASSETS	122,229,135	153,651,101
I. CURRENT LIABILITIES	50,485,267	65,100,472
A. SHORT-TERM BORROWINGS	35,277,389	42,226,077
1. Bank borrowings	1,208,529	2,661,126
2. Principal installments and interest on long	34,068,860	33,790,026
3. Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	5,774,925
B. TRADE PAYABLES	10,775,327	12,347,864
1. Suppliers	10,775,311	10,860,619
2. Notes payable	0	1,700,000
3. Deposits and guarantees received	16	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	0	-212,755
C. OTHER CURRENT LIABILITIES	3,539,533	7,197,436
1. Due to shareholders	7,861	7,149
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	14,804	427
5. Witholdings payable	2,517,692	796,404
6. Deferred payables to government	0	6,105,310
7. Other short-term liabilities	999,176	288,146

8. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	7,033	1,543,278
E. ALLOWANCE FOR PAYABLES AND EXPENSES	885,985	1,785,817
1. Provision for taxes	0	833,501
2. Provision for payables and accruels	885,985	952,316
II. LONG-TERM LIABILITIES	44,834,201	45,897,120
A. LONG-TERM BORROWINGS	42,761,056	42,299,785
1. Bank borrowings	42,761,056	42,299,785
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	0	0
1. Suppliers	0	0
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	0	0
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	0	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	0	0
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	2,073,145	3,597,335
1. Provision for retirement pay	2,073,145	3,597,335
2. Provision for other payables and accruels	0	0
III. SHAREHOLDERS' EQUITY	26,909,667	42,653,509
A. SHARE CAPITAL	18,056,250	18,056,250
B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	3,062	3,062
D. REVALUATION SURPLUS	12,013,844	24,763,350
1. Revaluation surplus on fixed assets	11,724,906	23,753,795
2. Revaluation surplus on investments	288,938	1,009,555
3. Revaluation surplus on common stocks	0	0
E. RESERVES	1,201,372	1,516,246
1. Legal reserves	994,150	994,150
2. Statutory reserves	0	0
3. Special reserves	0	299,747
4. Extraordinary reserves	40,943	40,943
5. Cost increase fund	154,695	167,248
6. Fixed assets and investment sales income to	11,584	14,158
F. NET INCOME FOR THE PERIOD	0	2,679,462
G. LOSS FOR THE PERIOD (-)	-4,364,861	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	-4,364,861
1. ....year losses	0	-4,364,861
2. ....year losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	122,229,135	153,651,101
A. GROSS SALES	140,230,770	192,688,407
1. Domestic sales	139,374,643	191,009,664
2. Exports	686,308	1,350,896
3. Other sales	169,819	327,847

B. SALES DEDUCTIONS (-)	-22,505,042	-27,542,419
1. Sales returns (-)	-4,081,814	-5,193,646
2. Sales discounts (-)	-16,090,737	-19,921,220
3. Other deductions (-)	-2,332,491	-2,427,553
C. NET SALES	117,725,728	165,145,988
D. COST OF SALES (-)	-100,879,360	-137,280,950
GROSS PROFIT (LOSS)	16,846,368	27,865,038
E. OPERATING EXPENSES (-)	-11,188,367	-18,680,466
1. Research and development expenses (-)	-239,386	-303,959
2. Selling ana marketing expenses (-)	-5,059,807	-10,793,021
3. General and admiinistrative expenses (-)	-5,889,174	-7,583,486
PROFIT (LOSS) FROM MAIN OPERATIONS	5,658,001	9,184,572
F. INCOME AND PROFIT FROM OTHER OPERATIONS	33,006,826	21,329,856
1. Dividends from investments	454,709	8,176
2. Dividends from subsidiaries	908,316	0
3. Interest and other dividend income	271,419	174,361
4. Other operating income and profits	31,372,382	21,147,319
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-1,132,211	-1,533,775
H. FINANCIAL EXPENSES (-)	-41,951,483	-25,653,641
1. Short-term financial expenses	-19,208,403	-10,553,135
2. Long-term financial expenses	-22,743,080	-15,100,506
OPERATING PROFIT (LOSS)	-4,418,867	3,327,012
I. EXTRAORDINARY INCOME AND PROFITS	76,973	231,750
1. Reversal of provisions	0	0
2. Prior year income and profit	0	196,716
3. Other extraordinary income and profit	76,973	35,034
J. EXTARORDINARY EXPENSES AND LOSSES	-22,967	-45,799
1. Idle division expenses and losses	0	0
2. Prior year expenses and losses	-3,914	-25,844
3. Other extraordinary expenses and losses	-19,053	-19,955
INCOME BEFORE TAXATION	-4,364,861	3,512,963
K. TAXATION AND OTHER LEGAL LIABILITIES	0	-833,501
NET INCOME (LOSS)	-4,364,861	2,679,462