



## DEMİRCİLER GIDA SANAYİ A.Ş.

Demirciler Gıda Sanayi A.Ş. (“Demirciler Gıda” or “Company”) was established by Demirci family in Giresun to trade and process hazelnuts in the surrounding region in 1987. The family has been known to be active in this region since 1860.

The family commenced their operations in hazelnut business with the increasing popularity and appeal of hazelnut in 1956. They opened their first shelled hazelnut cracking factory in 1963 with an annual capacity of 200 tons. In addition to shelled hazelnut cracking factory, low capacity integrated hazelnut processing plant was installed during the first years.

Finally the Company, as a result of increasing turnover and effectiveness in the region, laid the foundations as its corporate identity as known today. As of today, the Company employs a total of 245 persons. The Company’s capital is 4.000.000.-TL. The share structure is as follows;

Name	As of total (%)
Mehmet Temel Demirci	20
Sabri Demirci	15
Ahmet Demirci	15
Mustafa Demirci	15
Kadir Demirci	15
Sabri Demirci	10
Fatih Demirci	10
<b>TOTAL</b>	<b>100</b>

### Production Facilities

In 1996, a new factory was constructed to increase the capacity of shelled-hazelnuts cracking to 100 tons and the capacity of hazelnut processing to 30 tons a day. With 10.000 m<sup>2</sup> covered area, the facilities is one of the most modern factories in the region.

The new investment was undertaken as a result of fire which destroyed cracking facility in 2008. The construction commenced in 2009 and in 2010 one of the best modern shelled-hazelnuts cracking plant in the region with daily capacity of 200 tons was completed with an investment amount of 12 Million TL. With the realization of the investment the annual capacity of 200 tons has become daily capacity.



## **Production**

The facilities use two types of high quality hazelnuts according to international standards; Giresun and Levant.

The company which is processing Giresun quality hazelnut has the deserved a high reputation in the world due to exquisite aroma and the high efficiency. The Company has been awarded with the International Quality and Brand Award in New York lately.

The average annual production of Giresun quality hazelnut is 80,000 tons. Demirciler Gıda processes around 30% of the Giresun hazelnuts produced in the Giresun region. Turkey provides 70% of world hazelnut production. The exports to 108 countries constitutes 80% of sales of Turkey. The rest is destined to domestic markets; 20%. The hazelnut business has an annual value of 2 billion USD.

The company has business relation with a wide variety of suppliers and customers alike. The shelled hazelnut purchased from the suppliers is cracked, and then the cracked hazelnut is roasted, whitened. Finally hazelnuts are minced or obtained flour.

The final products are then sold through its branches in İstanbul and Ankara to domestic and international markets.



## Product Range

- Shelled hazelnut,
- Natural hazelnut
- Roasted hazelnut
- Whitened hazelnut
- Minced Hazelnut
- Whitened Hazelnut Flour
- Roasted Hazelnut Flour

The Company has been singled out by the awards and quality certificates. This has been achieved through long term relations with suppliers and customers forged based on trust.

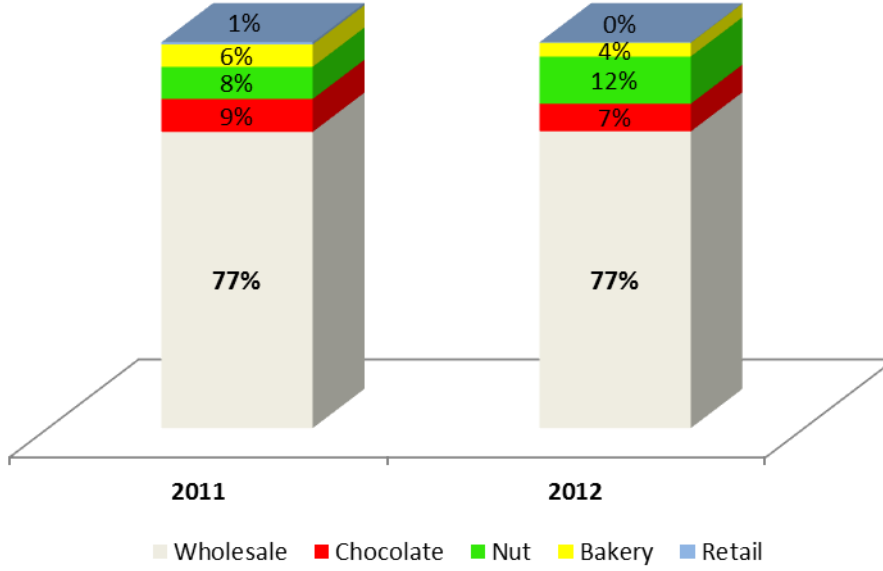


- Gold Award for Excellence and Business Prestige, QUALITY SUMMIT, New York 2010
- Best Trade Name by Trade Leader's Club and Editorial Office, Paris May 2009,
- Best Trade Name by Trade Leader's Club and Editorial Office, Madrid June 2009,
- Certificate of Conformity by NSF
- Halal Certificate by KASCERT,
- EN ISO 22000:2005 (HACCP) by QMSCERT,

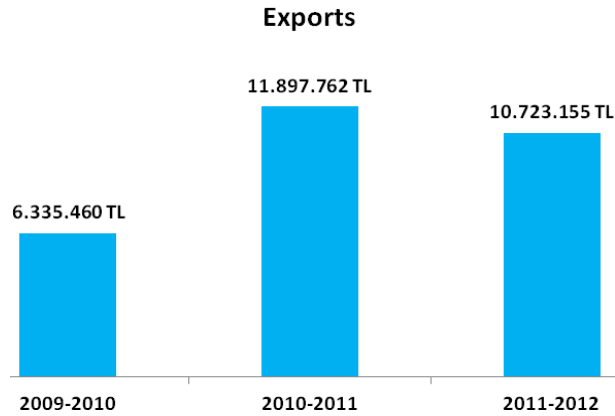


## Sales

In addition to exports, most of the remaining sales are realized through trade companies which are destined for international markets eventually. The company handles domestic sales either directly or through their branches in Ankara and Istanbul to the companies in Nuts, Confectionery industry.



- The collection term from export companies is 80% cash and 20% with a maturity of 45-60 days.
- The collection terms for chocolate and Nuts industry is 20% cash and 80% with a maturity of 45-90 days.
- Finally the collection period for confectionery and the retail industry is 45-120 days.





## Summary Financials

- The company is subject to the private financial period due to operate in the hazelnut industry from August 1 to coming year July 31.
- The turnover in 2010-2011 is TL 113 million and 2011-2012 turnover is 167 million TL. And 6 months turnover in 2012-2013 is TL 95 million. By year-end 2013, the turnover is estimated to reach TL 160 Million.
- Sector's profit margins vary. Chocolate, Confectionery, and Nuts sector is 30% more when compared to sales in export and exporting companies.
- Maturity does not apply wholesale of hazelnuts purchases, these purchases are in cash. Discount does not apply to any.
- The average of Gross profit margin is 5% on Natural hazelnuts, and 30% on processed hazelnut.

## Summary Balance Sheet

USD	31/07/2012	31/07/2011	31/07/2010
<b>ASSETS</b>			
<b>1. CURRENT ASSETS</b>	<b>14,536,434</b>	<b>8,926,927</b>	<b>9,802,055</b>
A. Cash&Cash Equivalents	1,054,418	1,710,007	1,376,901
B. Receivables	7,873,259	3,175,816	3,184,116
C. Cheques Received	523,863	1,408,997	0
D. Other Receivables	19,018	20,303	22,472
E. Inventories	5,402,886	3,608,877	5,061,629
F. Prepaid Expenses		954	
G. Other Current Assets	186,853	410,970	156,937
<b>2. LONG TERM ASSETS</b>	<b>5,252,899</b>	<b>5,144,302</b>	<b>1,421,366</b>
A. Receivables	28,468	30,393	33,639
B. Tangible Fixed Assets	4,987,249	5,068,340	1,304,961
C. Intangible Fixed Assets	236,861	45,569	82,654
D. Prepaid Expenses	320	0	112
<b>TOTAL</b>	<b>19,789,333</b>	<b>14,071,229</b>	<b>11,223,421</b>
<b>LIABILITIES</b>			
<b>1. SHORT TERM LIABILITIES</b>	<b>14,114,763</b>	<b>7,663,305</b>	<b>8,928,761</b>
A. Financial Loans	13,489,703	7,363,386	7,603,686
B. Payables	184,808	196,333	651,540
C. Other Liabilities	2,844	0	293,269
D. Advances Received	375,967	66,853	340,097
E. Taxes Payables and Other Liabilities	19,909	29,662	14,097
F. Provision for Loan and Expenses	6,767	7,072	26,072
G. Expenses Accruals	34,767	0	0
<b>2. LONG TERM LIABILITIES</b>	<b>3,322,810</b>	<b>4,165,716</b>	<b>40,549</b>
A. Financial Liabilities	3,300,306	4,141,401	13,637
B. Trade Payables	22,775	24,314	26,912
<b>3. EQUITY</b>	<b>2,351,759</b>	<b>2,242,208</b>	<b>2,254,111</b>
A. Paid-in Capital	979,624	1,045,838	1,157,561
B. Profit Reserves	51,381	26,928	29,804
C. Retained Earnings	1,095,403	963,789	695,327
D. Profit for the period (Loss)	225,351	205,654	371,420
<b>TOTAL</b>	<b>19,789,333</b>	<b>14,071,229</b>	<b>11,223,421</b>
Period-end \$/TL rate	1,7864	1,6733	1,5118



## Summary Income Statement

USD	07/2012	07/2011	07/2010
<b>GROSS SALES</b>	<b>92,724,134</b>	<b>68,261,989</b>	<b>78,386,469</b>
<i>Domestic Sales</i>	86,699,354	60,845,756	74,178,831
<i>Exports</i>	5,944,099	7,212,951	4,132,181
<i>Other Income</i>	80,681	203,282	75,457
DISCOUNTS&DEDUCTIONS	264,036	421,094	428,613
<b>NET SALES</b>	<b>92,460,098</b>	<b>67,840,895</b>	<b>77,957,856</b>
COST OF GOODS SOLD (-)	89,856,944	66,045,310	76,426,098
<b>GROSS PROFIT OR LOSS</b>	<b>2,603,154</b>	<b>1,795,585</b>	<b>1,531,758</b>
OPERATING EXPENSES (-)	822,316	992,434	693,867
OPERATING PROFIT OR LOSS	1,780,838	803,151	837,891
OTHER INCOME OR PROFIT	150,010	409,557	163,058
OTHER EXPENSE OR LOSS (-)	89,012	485,803	6,050
FINANCIAL EXPENSES (-)	1,654,470	695,183	538,617
ORDINARY PROFIT OR LOSS	187,366	31,722	456,281
EXTRAORDINARY REVENUES AND PROFIT	92,686	2,290	1,513
EXTRAORDINARY EXPENSE OR LOSS (-)	1,112	0	0
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>278,941</b>	<b>260,777</b>	<b>457,795</b>
PROVISIN FOR TAXES AND OTHER LIABILITIES (-)	55,788	52,155	91,559
<b>NET PROFIT OR LOSS FOR THE PERIOD</b>	<b>223,153</b>	<b>208,622</b>	<b>366,236</b>
<i>Average \$/TL rate for the period</i>	<i>1,8040</i>	<i>1,6495</i>	<i>1,5332</i>

## Plans and Projections

- Higher profitability through more favorable purchases as a result of increased financial ability,
- Higher visibility in global markets to increase the exports,
- Implementing automation systems and state-of-the art machinery to increase higher margins,
- Increasing dominance in the domestic market,
- Increase the share of value-added products to achieve higher returns,
- Higher penetration in the domestic market to realize direct sales to consumers,
- Undertaking new investment to produce hazelnut puree(Paste),
- The sales are expected to reach 205 million TL in 2015-2016 with a CAGR of 6,3%,
- Net profit margin is estimated to stabilize around 5% during the same period.