(Convenience translation of auditors' report and financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret A.Ş.

Financial statements together with report of independent auditors December 31, 2014

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Contents

	Page
Independent auditors' report	1 - 2
Balance sheet	3 - 4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	9 – 51

(Convenience translation of independent auditors' report originally issued in Turkish)

Independent auditors' report

To the shareholders of
Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Report for the financial statements

We have audited the accompanying statement of financial position of Alkim Kağıt Sanayi ve Ticaret A.Ş. ("the Company") as at 31 December 2014 and the related statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments; the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Bases of Qualified Opinion

As indicated in Note 7, Company has significant overdue trade and cheques receivables from a customer amounting to USD 13.273.594, equivalent of TL 30.780.137, as of December 31, 2014. In 2014, due to the customer's inability to make the payments on due dates, execution proceedings have been commenced for the overdue receivables amounting to TL 20.953.298 and a doubtful receivable provision has been booked in the accompanying financial statements. As of December 31, 2014, the Group also has overdue trade receivables amounting to TL 428.997 and not due cheques receivables amounting to TL 9.397.342 from the related client for which the execution proceedings have not been commenced yet. The Group has not booked any doubtful receivable provision for the receivables amounting to TL 9.826.339 in the accompanying consolidated financial statements as of December 31, 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "basis for qualified opinion" section above, the accompanying financial statements present fairly, in all material respects, the financial position of Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi as of 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 27 February 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors of the Company submitted to us the necessary explanations and provided required documents within the context of audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Necati Tolga Kırelli, SMMM
Partner

February 27, 2015
İstanbul, Turkey

(Convenience translation of financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Balance sheet
as at December 31, 2014
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	Current period Audited December 31, 2014	Prior period Audited December 31, 2013
Assets			
Current assets		**70.255.802**	99.294.880
Cash and cash equivalents	4	**9.916.787**	21.044.382
Trade receivables			
- Other trade receivables	7	**20.476.864**	49.300.955
Other receivables			
- Due from related parties	20	**-**	873
- Other receivables	8	**195.923**	89.695
Inventories	9	**28.053.345**	19.487.064
Current income tax assets Cari dönem vergisiyle ilgili varlıklar	29	**1.256.948**	-
Prepaid expenses	13	**1.023.393**	926.907
Other current assets	14	**9.332.542**	8.445.004
Non-current assets		**45.165.306**	54.205.654
Investment in associates accounted by equity method	10	**254.586**	214.439
Property, plant and equipment	11	**43.382.148**	53.111.857
Intangible assets			
- Other non-current assets	12	**7.990**	2.886
Deferred tax assets	29	**635.271**	-
Prepaid expenses	13	**885.311**	876.472
Total assets		**115.421.108**	153.500.534

The accompanying policies and explanatory notes on pages 8 through 51 form an integral part of the financial statements.

(Convenience translation of financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Balance sheet
at December 31, 2014
(Currency –Turkish Lira (TL) unless otherwise indicated)

		Current period	Prior period
		Audited	Audited
	Notes	December 31, 2014	December 31, 2013
Liabilities			
Current liabilities		**21.035.820**	41.475.147
Short-term financial liabilities	5	**5.347.546**	5.954.697
Current portion of long term financial liabilities	5	**5.154.685**	15.432.200
Other financial liabilities	6	**2.020.319**	7.605.223
Trade payables			
-Trade payables from related parties	20	**885.841**	830.081
- Other trade payables	7	**5.783.109**	9.053.370
Liabilities of employee benefits	17	**1.065.614**	1.171.131
Deferred income	18	**641.892**	1.224.427
Current income tax payable	29	**-**	171.103
Provisions			
- Provisions for employee benefits	16	**75.574**	-
- Other provisions		**-**	-
Other short term liabilities	19	**61.240**	32.915
Non-current liabilities		**5.799.840**	9.304.550
Long-term financial liabilities	5	**2.522.333**	4.734.877
Provisions			
- Provisions for employee benefits	16	**3.277.507**	3.123.998
Deferred tax liability	29	**-**	1.445.675
Equity		**88.585.448**	102.720.837
Paid-in share capital	21	**52.500.000**	52.500.000
Inflation adjustment on paid-in share capital	21	**32.414.361**	32.414.361
Restricted reserves	21	**5.296.522**	4.612.298
Other comprehensive income/(expense) not to be reclassified to profit or loss			
- Actuarial loss arising from defined benefit plans	21	**(416.592)**	(346.681)
Prior year profits		**5.704.133**	9.343.207
Net profit /(loss) for the year		**(6.912.976)**	4.197.652
Total liabilities and equity		**115.421.108**	153.500.534

The accompanying policies and explanatory notes on pages 8 through 51 form an integral part of the financial statements.

(Convenience translation of financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Statement of profit or loss and comprehensive income
for the year ended December 31, 2014
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	Current period Audited January 1 – December 31 2014	Prior period Audited January 1 – December 31 2013
Revenue	23	**126.605.307**	116.486.824
Cost of sales (-)	23	**(110.216.828)**	(106.079.491)
Gross profit		**16.388.479**	10.407.333
General and administrative expenses (-)	24	**(4.460.101)**	(4.814.997)
Selling, marketing and distribution expenses (-)	24	**(3.619.003)**	(3.452.964)
Research and development expenses (-)	24	**(59.992)**	(53.235)
Other operating income	26	**5.281.247**	7.425.694
Other operating expense (-)	26	**(22.289.081)**	(1.484.330)
Operating profit/(loss)		**(8.758.451)**	8.027.501
Income from investment activities	27	**2.154.660**	1.630
Profit from investmenst accounted under equity method	10	**40.147**	52.329
Operating profit before financial income/(expense)		**(6.563.644)**	8.081.460
Financial income	28	**1.453.609**	1.375.907
Financial expense (-)	28	**(3.866.409)**	(4.109.173)
Profit before taxation		**(8.976.444)**	5.348.194
Tax income/(expense)			
- Current tax	29	**-**	(1.353.790)
- Deferred tax (expense)/income	29	**2.063.468**	203.248
Profit/(loss) for the period		**(6.912.976)**	4.197.652
Other comprehensive income/(expense)			
Items not to be reclassified to profit or loss			
Defined benefit plans remeasurement losses	16	**(87.389)**	(289.507)
Tax income	29	**17.478**	57.901
Other comprehensive expense		**(69.911)**	(231.606)
Total comprehensive income /(expense)		**(6.982.887)**	3.966.046
Earnings per share from continuining operations	22	**(0,0013)**	0,0008

The accompanying policies and explanatory notes on pages 8 through 51 form an integral part of the financial statements.

(Convenience translation of financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Statement of changes in equity
for the year ended December 31, 2014
(Currency –Turkish Lira (TL) unless otherwise indicated)

				Other comprehensive income/(expense) not to be reclassified to profit or loss	Accumulated profit		
	Paid in share capital	Adjustments to share capital	Restricted reserves	Actuarial gain or loss arising from defined benefit plans	Prior year profits	Net profit for the year	Total equity
December 31,2012 (reported)	52.500.000	32.414.361	3.995.963	-	8.069.360	6.768.621	103.748.305
Change in accounting policy	-	-	-	(115.075)	-	115.075	-
December 31,2012 (restated)	52.500.000	32.414.361	3.995.963	(115.075)	8.069.360	6.883.696	103.748.305
Transfers	-	-	-	-	6.883.696	(6.883.696)	-
Dividend payment	-	-	616.335	-	(5.609.849)	-	(4.993.514)
Net profit for the period	-	-	-	-	-	4.197.652	4.197.652
Other comprehensive loss	-	-	-	(231.606)	-	-	(231.606)
Total comprehensive profit (loss)	-	-	-	(231.606)	-	4.197.652	3.966.046
December 31,2013	52.500.000	32.414.361	4.612.298	(346.681)	9.343.207	4.197.652	102.720.837
January 1,2014	**52.500.000**	**32.414.361**	**4.612.298**	**(346.681)**	**9.343.207**	**4.197.652**	**102.720.837**
Transfers	**-**	**-**		**-**	**4.197.652**	**(4.197.652)**	**-**
Dividend payment	**-**	**-**	**684.224**	**-**	**(7.836.726)**	**-**	**(7.152.502)**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**(6.912.976)**	**(6.912.976)**
Other comprehensive loss	**-**	**-**	**-**	**(69.911)**	**-**	**-**	**(69.911)**
Total comprehensive profit (loss)	**-**	**-**	**-**	**(69.911)**	**-**	**(6.912.976)**	**(6.982.887)**
December 31,2014	**52.500.000**	**32.414.361**	**5.296.522**	**(416.592)**	**5.704.133**	**(6.912.976)**	**88.585.448**

The accompanying policies and explanatory notes on pages 8 through 51 form an integral part of the financial statements.

(Convenience translation of financial statements and footnotes originally issued in Turkish)

Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Statement of cash flows
for the year ended December 31, 2014
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	Current period Audited January 1 – December 31, 2014	Prior period Audited January 1 – December 31, 2013
Cash flows from operating activities:			
Profit before taxation		**(8.976.444)**	5.348.194
Adjustments to reconcile profit before tax to net cash generated from operating activities:			
Depreciation and amortization	25	**6.336.915**	6.414.025
Collection of doubtful receivables	7, 26	**20.953.798**	(42.205)
Provision for employee termination benefits	16	**668.208**	283.609
Provision for impairment on inventories	9	**7.508**	16.330
Share of profit of an associate	10	**(40.147)**	(52.329)
Gain on sale of property, plant and equipment	27	**(2.154.660)**	(1.630)
Provision for unused vacation rights	16	**9.958**	15.116
Interest income	28	**(263.656)**	(429.821)
Interest expenses	28	**904.792**	635.311
Reversal of provision for litigations		**-**	(97.034)
Interest ıncome on customer receivables	26	**(543.760)**	(731.923)
Unrealized foreign currency (gains) / losses		**111.673**	(400.455)
Net cash flow used in by operating activities before changes in assets and liabilities		**17.014.185**	10.957.188
Changes in assets and liabilities			
Short term trade receivables (including related parties)		**1.415.178**	(11.725.893)
Other receivables		**(105.355)**	(375.363)
Inventories		**(8.181.116)**	9.527.640
Long-term trade receivables		**-**	75.000
Other current assets		**(887.538)**	(299.355)
Prepaid expenses		**(105.325)**	(89.901)
Trade payables (including related parties)		**(3.214.501)**	(42.628)
Deferred income		**(582.535)**	1.184.347
Liabilities for employee benefits		**(105.517)**	10.394
Provision for employee benefits		**75.575**	(487.036)
Other short term provisions and other liabilities		**28.324**	(280.775)
Interest income on customer receivables	26	**543.760**	731.923
Cash flows generated from operating activities:		**5.895.135**	9.185.541
Taxes paid	29	**(1.428.051)**	(1.331.557)
Employment termination benefits paid	16	**(612.046)**	(357.536)
Cash flows used in operating activities		**3.855.038**	7.496.448
Investing activities			
Interest received		**312.030**	394.829
Purchase of property, plant and equipment and intangible assets		**(724.983)**	(2.751.047)
Proceeds from sale of property, plant and equipment		**5.874.660**	32.379
Cash flows used in investing activities		**5.461.707**	(2.323.839)
Financing activities:			
Repayments of financial liabilities, net		**(12.322.518)**	1.774.164
Interest paid		**(920.947)**	(601.626)
Dividend paid	21	**(7.152.502)**	(4.993.514)
Net cash provided by/(used in) financing activities		**(20.395.967)**	(3.820.976)
Net increase/(decrease) in cash and cash equivalents		**(11.079.222)**	1.351.633
Cash and cash equivalents at beginning of the year	4	**20.996.009**	19.644.376
Cash and cash equivalents at the end of the year	4	**9.916.787**	20.996.009

The accompanying policies and explanatory notes on pages 8 through 51 form an integral part of the financial statements.

1. Organization and nature of operations

The nature of the operations of Alkim Kağıt Sanayi ve Ticaret A.Ş. (the "Company") is the manufacturing and sales of offset, glossy and photocopy papers. The main shareholder of the Company is Alkim Alkali Kimya A.Ş. ("Alkim Kimya").

The Company is registered in the Turkish Capital Markets Board ("CMB") and its shares have been traded on the Borsa Istanbul ("BİST"). As at December 31, 2013, the shares traded on BİST are 20% (2013: 20%) of the total shares.

As of December 31, 2014, the number of personnel of the Company is 168 (2013 - 161).

The address of the registered office is as follows:

Organize Sanayi Bölgesi Kırovası Mevkii
Kemalpaşa-İzmir

Cihat Kora, M. Reha Kora, Arkın Kora, A. Haluk Kora, Ferit Kora, Özay Kora, Tülay Önel, Mithat Kora (members of the Kora family) holding shares equivalent to 67,2831% of the share capital of Alkim Alkali Kimya A.Ş., which is a majority shareholder of the Company, notified in Istanbul Stock Exchange in 24 December 2014, that the sales process of the partial or whole sale of their shares was complete.

Dividend paid

As decided on the Ordinary General Meeting held on March 27, 2014, the Company distributed gross dividend from profit of 2013 and prior years amounting to TL 7.152.502 TL (net 6.079.629 TL). In accordance with the decision, related amount transferred to the accounts of shareholders on May 26, 2014

Approval of Financial Statements

Financial statements are approved for issue by board of directors on February 27, 2015. General Assembly has the power to amend the financial statements.

2. Basis of preparation of financial statements

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Company's financial statements have been prepared in accordance with this decision.

2. Basis of preparation of financial statements (continued)

Items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales described in "Revenue Recognition" are presented as net provided that if the nature of the transaction or the event qualify for offsetting.

Financial statements have been prepared under the historic cost convention except for the financial assets and liabilities which are stated at fair values and presented in Turkish Lira ("TL"), which is the functional and presentation currency of the Company.

2.2 Comparative information and restatement of prior period financial statements

In order to provide chance to identify trend of financial performance and financial position, financial statements are prepared comparative to the prior period. When presentation of current year financial statements is revised for more accurate presentation, prior year financial statements are reclassified accordingly, to be comparative The reclassifications that are made at the Company's balance sheet as at December 31, 2013 and statement of comprehensive income for the period between January 1 and December 31, 2013 are as follows:

(i) VAT receivables to apply for return but are offset amounting to TL 1.144.005 was reported under other receivables from third parties , is reclassified to other current assets

(ii) Interest income amounting to TL 429.821 was reported under investment activities income, is reclassified to financial income

2.3 Amendments in Accounting Policies

Application of new IFRS standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the consolidated financial statements of the Company

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

2. Basis of preparation of financial statements (continued)

TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the consolidated financial statements of the Company.

TAS 39 Financial Instruments: Recognition and Measurement (Amended)- Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the consolidated financial statements of the Company.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Company.

2. Basis of preparation of financial statements (continued)

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company .

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company .

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to “Annual Improvements - 2010–2012 Cycle” and “Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

2. Basis of preparation of financial statements (continued)

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Company do not expect that these amendments will have significant impact on the financial position or performance of the Company

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

2. Basis of preparation of financial statements (continued)

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation witho ut otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39),

Or

- Using the equity method

2. Basis of preparation of financial statements (continued)

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.or The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to IFRS - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. . The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company . or The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

ALTERNATİVE 1: In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2. Basis of preparation of financial statements (continued)

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after
1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Company.

2.4 Basis of consolidation

Th financial statements reflect company and subsidiaries' accounts according to equity method as declared "Subsidaries" article below.The financial statements of the subsidiary consodilated according to equity method were prepared as of the financial statement date.

Subsidiaries

Investments is subsidiaries were recognized according to quity meyhod. These are the organizations that the company generally has 20% and 50% vote right or, important impact on subsidiary operations. Unrealized gains arising from transactions between company and subsidiary were restated on scale of share of the company on subsidiary and unrealized losses were restated if the transaction would have not been indicated the impairment of the transferred asset. As long as the Company has not been under liability with subsidiary about mentioned situation or not been made any commitment, investment in subsidiary with book value of zero or, important effect of the company ended then, equity method would not been carried on. Booked value of the investment at date important effect ended has revealed as cost value after mentioned date.

Subsidiaries of the company and shareholdings as of December 31, 2014 and 2013 were as follows:

		Share (%)
	December 31, 2014	December 31, 2013
Alkim Sigorta Aracılık Hiz. Ltd. Şti. ("Alkim Sigorta")	**50.00**	50.00

2.5 Summary of important accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized below.

2. Basis of preparation of financial statements (continued)

2.5.1 Revenue recognition

Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes (Note 23). Interest income is recognized by using the effective interest rate and rent income is recognized in the period on accrual basis. When impairment provision is recognized for receivable the Company rediscounts carried value of the related receivable according to estimated cash flow in the future by using original effective interest rate and recognized related rediscount as interest income. Dividend is recognized when collection right is available.

2.5.2 Inventories

Inventories consist of cellulose stocks, work in process and finished goods as bobbin or different size, chemicals, consumable stocks and spare parts. Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The cost of inventories consist of cost of inventories purchased, cost of conversion and other cost related to conversion of inventories to current condition and position. Method to determine the cost for all inventories is carried out according to moving weighted average method (Note 9).

2.5.3 Property, plant and equipment

Property, plant and equipment acquired before January 1, 2005 are carried at cost in purchasing power of TL as at December 31, 2004; less accumulated depreciation and impairment losses, if any. Property, plant and equipment acquired after January 1, 2005 are carried at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipments are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designated production capacity. Residual values of property, plant and equipment are considered to be immaterial.

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 11). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates accordingly the estimated useful lives for property, plant and equipment are as follows:

	Rates (%)
Land improvements	2-13
Buildings	2-4
Machinery and equipment	4-25
Motor vehicles	10-15
Furniture and fixtures	5-20

Where the carrying amount of a property, plant and equipment is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the other income and expense accounts, as appropriate.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognizes the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognized as separate asset, are depreciated based on their useful lives.

2. Basis of preparation of financial statements (continued)

2.5.4 Intangible assets

Intangible assets comprise of acquired rights, information systems and software. Those acquired before January 1, 2005 are carried at cost in the purchasing power of TL as at December 31, 2004; less accumulated depreciation and impairment losses, if any; those acquired after January 1, 2005 are carried at cost less accumulated depreciation and impairment losses, if any, which are depreciated using the straight-line method over 10 – 20 years following the acquisition date in either case. Residual values of intangible assets are deemed as negligible. In case of impairment, the carrying amount of an intangible asset is written down to its recoverable amount

2.5.5 Impairment on assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax assets and financial assets stated at fair values. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash generating unit of that asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. Impairment losses are accounted for in the statement of comprehensive income. Impairment loss on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets.

2.5.6 Borrowings and borrowing costs

If the maturity of these instruments is less than 12 months, these loans are classified in current liabilities and if more than 12 months, classified in non-current liabilities (Note 5). Borrowings are stated at amortized cost using the effective yield method. Any proceeds and the redemption value are recognized in the statement of comprehensive income as borrowing cost over the period of the borrowings. Borrowing costs are recognized in the statement of comprehensive income as incurred (Note 28).

Assets that necessarily take a substantial period of time to get ready for its intended use or sale are defined as qualifying assets. The Company has no qualifying assets during the reporting periods.

2.5.7 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 7).

2. Basis of preparation of financial statements (continued)

2.5.8 Financial assets

Loans and receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. Loans and receivables arise, without held-for-sale intention, from the Company's supply of goods, service or direct fund to any debtor. They are classified as current assets when they have a maturity less than 12 months, and non-current assets when they have a maturity more than 12 months as of balance sheet date. Loans and receivables are recognized initially at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. These loans and receivables are included in trade receivables and other receivables in the balance sheet. Loans and receivables are recorded at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans and receivables are stated at amortized cost using the effective yield method.

2.5.9 Foreign currency transactions

Foreign currency transactions (all currencies other than TL) are translated by applying the exchange rate of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. The non-monetary items that are carried at historical cost are not retranslated at the balance sheet date.

2.5.10 Earnings per share

Earnings per share indicated in the statements of comprehensive income are determined by dividing net profit for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 22).

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

2.5.11 Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue (Note 31).

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and not require a correction to be made are disclosed in accompanying notes, when they may affect decision of making of users of financial statements.

2.5.12 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2. Basis of presentation of financial statements (continued)

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to honor the liability. The rate used to discount provisions to their present values is determined taking into account the interest rate in the related markets and the risk associated with the liability. This discount rate does not consider risks associated with future cash flow estimates.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities (Note 15, 16).

2.5.13 Accounting policies, changes in accounting estimates and errors

If appropriate, significant changes in accounting policies and errors are applied on a retrospective basis and reflected upon previous periods' financial statements. Changes in accounting estimates involving single periods are reflected upon the current period when the change occurs; changes involving future periods are reflected both upon the current period when the change occurs and the future period, on a prospective basis

2. Basis of presentation of financial statements (continued)

2.5.14 Related parties

a) A person or a close member of that person's family is related to a reporting entity if that person:
   (i) has control or joint control over the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
   (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. Basis of presentation of financial statements (continued

2.5.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided the chief operating decision makers. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Company makes strategic decisions as a whole over the operations of the Company as the Company operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in IFRS 8 and segment reporting is not applicable.

2.5.16 Taxation on income

Taxation on income includes current period tax liability and deferred income taxes. Current period tax liability includes the taxes payable calculated on the taxable portion of period income with tax rates enacted on the balance sheet date and the correction adjustments related to prior period tax liabilities (Note 29). The adjustments related to prior period tax liabilities are recognized in other operating income and expenses.

Deferred tax assets and liabilities are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 29).

Deferred tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will reverse. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. To the extent that deferred tax assets will not be utilized, the related amounts have been deducted accordingly.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, if current tax assets can be offset against current tax liabilities (Note 29).

2.5.17 Employee benefits

a) Defined benefit plans

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Company has reflected a liability using the “Projected Unit Credit Method”. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate.(Note16). All actuarial gains and losses calculated are reflected in the comprehensive income statement.

b) Defined contribution plans

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2. Basis of presentation of financial statements (continued

2.5.18 Statement of cash flow

In the statement of cash flows, cash flows are classified into three categories as operating, investing and financing activities. Cash flows from operating activities are those resulting from the Company's main operations. Cash flows from investing activities indicate cash inflows and outflows resulting from fixed asset and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand accounts, bank deposits, mutual funds and loans originated by the Company by providing money directly to a bank under reverse repurchase agreements with a predetermined sale price at fixed future dates of less than or equal to 3 months

2.5.19 Trade receivables and impairment of receivables

Trade receivables that are realized by the Company by way of providing goods or services directly to a debtor are carried at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the statement of comprehensive income.

Trade receivables from certain customers that are assigned to a factor by the Company, are followed as long and short term trade receivables in the accompanying balance sheet and commission paid to factoring company as a result of the mentioned transaction. Payable to factoring company is followed as long and short term other financial liabilities in the balance sheet (Note 6 and 7).

2.5.20 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit (receivable) risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

2.5.21 Share capital and dividends

Share capital is classified as capital and dividends distributed from common stocks are deducted at the period of the declaration from the retained earnings. Dividend income is recognized when the Company's right to receive the payment is established.

2.5.22 Offsetting

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

2.6 Critical accounting estimates and judgments

Preparation of financial statements requires disclosure of reported assets and liabilities, contingent assets and liabilities as at balance sheet date and utilization of estimates and assumptions that can effect income and expense balances of the reporting period. Estimations and assumptions can differ from actual results in spite of these estimations and assumptions are based on the Company management's best estimate. Significant accounting estimates are as follows:

a) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

   The company has deferred tax assets consisting of unused financial losses, which can be deducted from future profits, and other deductible temporary differences. The partial or total recoverable amounts of the deferred tax assests are forecasted under current circumstances. During the evaluation, future profit projections, the loss occuring in the current period, expiry dates of unused losses and other tax assets and tax planning strategies which can be used when required.

b) Retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). As of December 31, 2014 and 2013, retirement pay liability amounts to TL 2.958.158 and TL 2.814.608, respectively.

c) Allowance for doubtful receivables is an estimated amount that the Company's management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions.

d) Tangible and intangible assets are depreciated based on their expected useful lives. Useful lives settled by management were explained in Note 2.5.3 and Note2.5.4.

3. Segment reporting

None (Please refer to Note 2.4.16).

4. Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	**47.811**	32.104
Banks		
- TL denominated time deposits	**-**	17.798.373
- TL denominated demand deposits	**236.810**	62.601
- Foreign currency denominated time deposits	**8.821.246**	2.827.948
- Foreign currency denominated demand deposits	**277.693**	16.823
Other current assets (*)	**533.227**	306.533
	9.916.787	21.044.382
Less: interest accrual	**-**	(48.373)
Total cash and cash equivalents base for cash flow statement	**9.916.787**	20.996.009

(*) Credit card receivables with maturity less than 3 months.

4. Cash and cash equivalents (continued)

There is no time deposits as of December 31, 2014. (2013 – average 1 month and the weighted average effective interest rate is 9,30% per annum ("p.a."))

As of December 31, 2014, maturity of foreign currency denominated time deposits is less than one month (2013 – less than one month) and the weighted effective interest rate is 0,2% per annum ("p.a.") (2013 – 1,25%).

The details of the foreign currency denominated demand deposits are disclosed in Note 30. Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, are sufficient in terms of credit quality of the banks. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

There is no blockage on the cash and cash equivalents as of December 31, 2014 and 2013.

5. Financial liabilities

	December 31, 2014	December 31, 2013
Short-term bank borrowings	**5.347.546**	5.954.697
Short-term portion of long-term bank borrowings	**5.154.685**	15.432.200
Short-term financial liabilities	**10.502.231**	21.386.897
Long-term bank borrowings	**2.522.333**	4.734.877
Long-term financial liabilities	**2.522.333**	4.734.877
Total financial liabilities	**13.024.564**	26.121.774

a) Bank borrowings:

	December 31, 2014		December 31, 2013	
	Effective weighted average interest rate p.a. (%)	**Amount**	Effective weighted average interest rate p.a. (%)	Amount
Short-term bank borrowings:				
USD bank borrowings	**2,25**	**5.347.546**	2,55	5.954.697
		5.347.546		5.954.697
Short-term portion of long-term bank borrowings :				
USD bank borrowings (*)	**0,63**	**5.154.685**	0,63	15.432.200
		5.154.685		15.432.200
Long-term bank borrowings:				
USD bank borrowings (*)	**0,63**	**2.522.333**	0,68	4.734.877
		2.522.333		4.734.877

(*) The interest rates of the USD denominated GSM bank borrowings vary between Libor+0,30% p.a. with six month contractual reprising dates (2013 - Libor+0,30%) and the Company did not provide any guarantees for the mentioned bank borrowings

5. Financial liabilities (continued)

The redemption schedules of long-term bank borrowings at December 31, 2014 and 2013 are as follows:

	December 31,2014	December 31,2013
2015	**-**	4.734.877
2016	**2.522.333**	-
	2.522.333	4.734.877

The carrying amounts of the financial liabilities with floating and fixed rates which were classified in terms of periods remaining to contractual reprising dates as of December 31, 2014 and 2013 are as follows:

	up to 3 months	**3 months – 1 year**	**Total**
- December 31, 2014			
Financial liabilities with floating interest rate	**2.676.973**	**8.260.211**	**10.937.184**
Financial liabilities with fixed interest rate	**2.087.380**	**-**	**2.087.380**
Total	**4.764.353**	**8.260.211**	**13.024.564**
- **December 31, 2013**			
Financial liabilities with floating interest rate	3.251.266	16.915.807	20.167.077
Financial liabilities with fixed interest rate	5.954.697	-	5.954.697
Total	9.205.963	16.915.807	26.121.774

6. Other financial liabilities

As of December 31, 2014, other financial liabilities amounting to TL 2.020.319 (December 31, 2012 TL 7.605.223) consist of the liabilities of the Company in connection with its receivables factored under revocable factoring agreements.

7. Trade receivables and payables

a) Other trade receivables

	December 31, 2014	December 31, 2013
Cheques and notes receivables, net	**15.219.231**	38.843.995
Customer current accounts, net	**3.237.314**	2.851.737
Factored receivables	**2.020.319**	7.605.223
Doubtful receivables	**20.969.663**	15.865
	41.446.527	49.316.820
Less: Allowance for doubtful receivables	**(20.969.663)**	(15.865)
	20.476.864	49.300.955

As of December 31, 2014, the effective weighted average interest rates used in the calculation of discounted carrying value of TL, USD and EUR denominated short-term trade receivables are 10,5% p.a., 0,13% p.a. and 0,18% p.a., respectively (2013: 8,8% p.a., 0,39% p.a. and 0,1% p.a., respectively). Trade receivables mature within 3 months (2013: 3 months).

7. Trade receivables and payables (continued)

Allowance for doubtful receivables

As at December 31, 2014, TL 20.953.798 (USD equivalent of 9.036.094) of the doubtful receivable consists of doubtful receivables which are overdue and subject to judicial follow-up. This amount belongs to Interpap Dış Ticaret ve Mümessilik A.Ş. ("Interpap") which is the client of Alkim Kağıt.

A receiving order has been taken from the related files of Istanbul 11th Commercial Court of First Instance for the overdue cheque and current receivables of the Company amounting to TL 20.953.798. The execution proceedings have commenced with regard to the file of Istanbul 13th Directorate of Execution numbered 2014/27904 and files of Istanbul 36th Directorate of Execution numbered 2014/35820 and 2014/35013. The Company brought a lawsuit for the collection of TL 6.249.436 (USD 2.695.000) portion of its receivable with its commercial advance interest on November 7, 2014.

As of December 31,2014 and 2013, the maturity of trade receivables is as follows:

	December 31, 2014	December 31, 2013
Overdue receivables	**458.056**	93.465
0-30 days	**5.614.730**	4.609.990
31-60 days	**7.194.239**	3.977.869
61-90 days	**4.023.939**	11.479.611
91-120 days	**2.899.698**	3.710.091
121 days and over	**286.202**	25.429.929
	20.476.864	49.300.955

i) Overdue trade receivables

As at December 31, 2014, the Company has postdated receivables amounting to TL 428.997 (USD equivalent of 185.000) that is overdue and from the client Interpap mentioned in the "allowance for doubtful receivables" section. There has been no allowance made for this receivable in financial statements since the judicial follow-up has not been started yet.

Additionally, the Company management considers that there is no risk of collection for overdue trade receivables from other customers at an amount of TL 29.059.

ii) *Not overdue trade receivables*

As at December 31, 2014, maturity details of the undue cheque receivables for which the provision is not made from the aforementioned client of Alkim Kağıt, Interpap, in "Allowance for doubtful receivables" section amounting to TL 9.397.342 (USD equivalent of 4.052.00) as follows:

As of December 31, 2014;

	Currency	**Original amount**	**TL amount**
0-30 days	USD	925.000	**2.144.983**
31-60 days	USD	1.020.000	**2.365.278**
61-90 days	USD	1.557.500	**3.611.687**
91-120 days	USD	550.000	**1.275.394**
Total		4.052.500	**9.397.342**

7. Trade receivables and payables (continued)

In conclusion, Alkim Kağıt made no provision for the undue receivable amounting to USD 185.000 equivalent of TL 428.997 and overdue receivable amounting to USD 4.052.500 TL equivalent of TL 9.397.342 since the judicial follow-up has not been started yet.

iii) Explanatory note of trade receivables from third parties

As December 31, 2014, cheques and notes receivables amounting to TL 2.421.064 and receivable given to factoring amounting to TL 1.637.701, totally trade receivable amounting to TL 4.058.765 consists of receivables from another customer (December 31, 2013 - TL 317.481).

As of 31 December 2014, trade receivables from the customer amounting to TL 317.481.
In addition, Company has sales revenue approximately 10% and 2% respectively from the customer as mentioned above as of 31 December 2014 and 31 December 2013

At the same time, Company has letter of guarantee from the customer amounting to TL 750.000. Company collected portion of receivables from the customer after the balance sheet date

iv) The movement in the provision for doubtful receivables during the year is as follows:

	2014	2013
January 1	**15.865**	58.070
Additional provision	**20.953.798**	-
Collections	**-**	(42.205)
December 31	**20.969.663**	15.865

The Company has accounted allowance for doubtful receivables based on its past experiences.

b) Short term trade payables

	December 31, 2014	December 31, 2013
Supplier current accounts	**5.809.433**	9.081.141
Less: Rediscount	**(26.324)**	(27.771)
Total trade payables	**5.783.109**	9.053.370

As of December 31, 2014, the effective weighted average interest rates used in the calculation of discounted carrying value of TL, USD and EUR denominated short-term trade payables are 10,2% p.a., 0,13% p.a. and 0,3% p.a., respectively (2013 – 8,8% p.a., 0,17 % p.a. and 0,2%p.a., respectively). Trade payables mature between 30 - 60 days (2012 – 45 days).

8. Other receivables

	December 31, 2014	December 31, 2013
Guarantees and deposits given	**195.923**	89.695
	195.923	89.695

9. Inventories

	December 31, 2014	December 31, 2013
Raw materials	**8.954.150**	6.581.999
Work-in-progress	**3.823.475**	1.760.739
Finished goods	**3.152.142**	1.991.069
Goods in transit	**11.990.869**	9.151.641
Other inventories	**132.709**	1.616
	28.053.345	19.487.064

The movement in the provision for inventory impairment is as follows as of December 31, 2014 and 2013:

	2014	2013
January 1	**69.708**	53.378
Additional provision	**7.508**	16.330
December 31	**77.216**	69.708

10. Investment in associates accounted by equity method

Investment in Associate:

	December 31, 2014		December 31, 2013	
	Carrying value	**Share (%)**	Carrying value	Share (%)
Alkim Sigorta	**254.586**	**50.00**	214.439	50.00
	254.586		214.439	

Movement of investment in associate during the years is as follows:

	2014	2013
January 1	**214.439**	162.110
Share of results of investment in associate	**40.147**	52.329
December 31	**254.586**	214.439

Financial information of Alkim Sigorta that is incorporated into financial statements using equity accounting method is summarized as follows:

	December 31, 2014	December 31,2013
Total assets	**1.996.712**	1.827.901
Total liabilities	**1.487.540**	1.399.023
Net sales	**403.879**	347.708
Net profit for the year	**80.293**	104.658

11. Property, plant and equipment

The movements of property, plant and equipment for the period between January 1 and December 31, 2014 were as follows:

	January 1, 2014				December 31, 2014
	Opening	Additions	Disposals	Transfers	Closing
Cost					
Land	**7.316.240**	**-**	**(3.720.000) (*)**	**-**	**3.596.240**
Land improvements	**1.708.781**	**11.588**	**-**	**-**	**1.720.369**
Buildings	**10.707.260**	**-**	**-**	**-**	**10.707.260**
Machinery and equipments	**94.963.040**	**247.748**	**-**	**1.058.912**	**96.269.700**
Motor vehicles	**649.416**	**73.246**	**-**	**-**	**722.662**
Furniture and fixtures	**2.626.717**	**64.707**	**(9.828)**	**-**	**2.681.596**
Construction in progress	**756.212**	**311.787**	**-**	**(1.058.912)**	**9.087**
	118.727.666	**709.076**	**(3.729.828)**	**-**	**115.706.914**
Less: Accumulated depreciation:					
Land improvements	**(705.952)**	**(85.644)**	**-**	**-**	**(791.596)**
Buildings	**(5.724.331)**	**(405.243)**	**-**	**-**	**(6.129.574)**
Machinery and equipments	**(56.588.874)**	**(5.972.987)**	**-**	**-**	**(62.561.861)**
Motor vehicles	**(419.511)**	**(111.597)**	**-**	**-**	**(531.108)**
Furniture and fixtures	**(2.177.141)**	**(143.314)**	**9.828**	**-**	**(2.310.627)**
	(65.615.809)	**(6.718.785)**	**9.828**	**-**	**(72.324.766)**
Net Book value	**53.111.857**				**43.382.148**

(*)The commercial land, net book value of which is TL 2.070.000 in Esenyurt/İstanbul, was sold TL 4.164.66 on December 2014. The land, net book value of which is TL 1.650.000 in Kemalpaşa/İzmir, was sold TL 1.710.000 by Company on January 2014.

The movements of property, plant and equipment for the period between January 1 and December 31, 2013 were as follows:

8	January 1, 2013				December 31, 2013
	Opening	Additions	Disposals	Transfers	Closing
Cost:					
Land	7.316.240	-	-	-	7.316.240
Land improvements	1.708.781	-	-	-	1.708.781
Buildings	10.707.260	-	-	-	10.707.260
Machinery and equipments	92.831.032	565.491	(10.200)	1.576.717	94.963.040
Motor vehicles	706.552	-	(57.136)	-	649.416
Furniture and fixtures	2.517.379	109.338	-	-	2.626.717
Construction in progress	260.897	2.072.032	-	(1.576.717)	756.212
	116.048.141	2.746.861	(67.336)	-	118.727.666
Accumulated depreciation:					
Land improvements	(620.243)	(85.709)	-	-	(705.952)
Buildings	(5.319.088)	(405.243)	-	-	(5.724.331)
Machinery and equipments	(50.911.617)	(5.684.885)	7.628	-	(56.588.874)
Motor vehicles	(324.819)	(123.651)	28.959	-	(419.511)
Furniture and fixtures	(2.033.057)	(144.084)	-	-	(2.177.141)
	(59.208.824)	(6.443.572)	36.587	-	(65.615.809)
Net book value	56.839.317				53.111.857

11. Property, plant and equipment (continued)

TL 6.168.003 (2013 – TL 6.266.185) of the current year depreciation charge has been allocated to cost of production, TL 138.121 (2013 – TL 116.456) to general and administrative expenses, and TL 30.791 (2012 – TL 31.384) to marketing, selling and distribution expenses and TL 392.673 (2012 – TL 29.547) to stocks.

As of December 31, 2014 and 2013, there are no pledges or liens on property, plant and equipment.

As of December 31, 2014 and 2013, cost of fully depreciated items which are still in use is as follows:

	December 31, 2014	December 31, 2013
Land improvement	**3.405**	1.870
Buildings	**74.711**	74.711
Machinery and equipment	**1.073.616**	819.395
Motor vehicles	**81.346**	60.593
Furniture and fixtures	**1.826.397**	1.776.919
	3.059.475	2.733.488

12. Intangible assets

The movements of intangible assets for the period between January 1 and December 31, 2014 were as follows:

	January 1, 2014		**December 31, 2014**
	Opening	**Additions**	**Closing**
Rights - software	**695.389**	**15.907**	**711.296**
Less: accumulated amortization	**(692.503)**	**(10.803)**	**(703.306)**
Net book value	**2.886**		**7.990**

The movements of intangible assets for the period between January 1, and December 31, 2013 were as follows:

	January1, 2013		December 31, 2013
	Opening	Additions	Closing
Rights - software	691.203	4.186	695.389
Less: accumulated amortization	(683.950)	(8.553)	(692.503)
Net book value	7.253		2.886

As of December 31, 2014 and 2013, cost of fully amortized items which are still in use is as follows:

	December 31, 2014	December 31, 2013
Rights - software	**655.833**	642.772
	655.833	642.772

13. Prepaid expenses

	December 31, 2014	December 31,2013
Short term prepaid expenses		
Prepaid expenses	**925.835**	926.907
Advances given for inventories	**97.558**	-
	1.023.393	926.907
Long term prepaid expenses		
Advances given for fixed assets	**871.309**	864.745
Prepaid expenses	**14.002**	11.727
	885.311	876.472
Total prepaid expenses	**1.908.704**	1.803.379

(*) Significant portion of short term prepaid expenses consist of prepaid insurance expenses of personnel.

14. Other current assets:

	December 31, 2014	December 31, 2013
VAT to be transferred	**8.629.255**	7.207.285
VAT deductible	**589.143**	1.144.005
Due from personnel	**53.242**	51.841
Job advances given	**60.902**	41.873
	9.332.542	8.445.004

15. Provisions, contingent assets and liabilities:

	December 31,2014	December 31, 2013
a) Guarantees received:		
Bank guarantee letters	**4.583.663**	1.776.406
Trade receivables protection (*)	**4.372.085**	4.213.878
Guarantee notes	**25.000**	55.000
Guarantee cheques	**401.024**	341.488
Bails (**)	**30.000.000**	24.000.000
	39.381.772	30.386.772

(*) It is a service received from an international professional organization in order to cover credit risks like customer insolvency, bad debts, overdue accounts, commercial risks and political risks.

(**) The personnel bails amounting to TL 30.000.000 is received from shareholders of Interpap as indicated in Note 7. Company management started legal process for personel quaranty of Interpap's shareholders due to legal process continues related with trade receivable is from Interpap as indicated in Note 7.

15. Provisions, contingent assets and liabilities (continued)

	December 31, 2014	December 31, 2013
b) Guarantees given:		
Bank guarantee letters	**14.292.885**	13.514.865
	14.292.885	13.514.865

(*) Major part of guarantees given consist of value added tax return given to tax office, Kemalpaşaorganized industry zone, Customs office, Energy Market Regulatory Authority.

Collaterals, Pledges and Mortgages (“CPM”) positions of the Company as of December 31, 2014 and 2013 are summarized as follows;

	December 31, 2014	December 31, 2013
A.Total amount of CPM given for the Company’s own legal personality	**14.292.885**	13.514.865
B.Total amount of CPM given on behalf of fully consolidated companies	**-**	-
C.Total amount of CPM given for continuation of its economic activities on behalf of third parties	**-**	-
D. Total amount of other CPM	**-**	-
i. Total amount of CPM given on behalf of the majority shareholder	**-**	-
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	**-**	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	**-**	-
	14.292.885	13.514.865
Ratio of other GPMs given by the Company to the equity of the Company	%0	%0

16. Employee benefits

a) Short term employee termination benefits provision:

	December 31, 2014	December 31, 2013
- Short term employee termination benefits provision		
Provision for employment termination benefits	**75.574**	-
	75.574	-

b) Long term employee termination benefits provision

	December 31, 2014	December 31, 2013
Provision for vacation pay liability	**319.348**	309.390
Provision for employment termination benefits	**2.958.159**	2.814.608
	3.277.507	3.123.998

16. Employee benefits (continued)

Provision for employment termination benefits has been calculated in accordance with explanations below:

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 3.438 for each year of service as of December 31, 2014 (December 31, 2013: TL 3.254).The Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

Actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability: The following actuarial assumptions have been used in the calculation of the total provision:

Discount rate (%))	**3,49**	3,50
Turnover rate to estimate the probability of retirement (%)	**98,4**	98,3

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Effective from January 1, 2015, the retirement pay liability ceiling is increased from TL 3.438 to TL 3.541.

Movements of the provision for employment termination benefits during the year are as follows:

	2014	2013
January 1	**2.814.608**	2.599.028
Interest cost	**273.018**	168.029
Actuarial losses	**87.389**	289.507
Increase during the year	**395.190**	115.580
Paid during the year	**(612.046)**	(357.536)
December 31	**2.958.159**	2.814.608

Total provision expense for employee termination benefits of TL 668.207 (2013: TL 283.609) for the year has been allocated to cost of production amounting to TL 524.636 (2013: TL 222.672), to marketing, selling and distribution expenses amounting to TL 84.149 (2013: TL 35.716) and to general and administrative expenses amounting to TL 59.422 (2013: TL 25.221).

Movement of provision vacation pay liability is as follows:

	2014	2013
January 1	**309.390**	294.274
Current year provision expense	**9.958**	15.116
December 31	**319.348**	309.390

17. Short term liabilities for employee benefits

	December 31, 2014	December 31, 2013
Accrued payroll	**578.044**	554.364
Withholding tax	**247.260**	394.707
Social security premiums payable	**238.060**	221.330
Other	**2.250**	730
	1.065.614	1.171.131

18. Deferred income

	December 31, 2014	December 31, 2013
Advances received (*)	**641.892**	1.224.427
	641.892	1.224.427

As of December 31, 2014 Major part of advances received consists of cheque advances from customers. (December 31, 2013 consist of cash advances from customers).

19. Other short term payables

	December 31, 2014	December 31, 2013
Taxes and funds payable	**61.240**	32.915
	61.240	32.915

20. Related party disclosures

a) Due to related parties short term trade payable

	December 31, 2014	December 31, 2013
Alkim Sigorta (2)	**882.786**	830.081
Alkim Kimya (1)	**3.055**	-
	885.841	830.081

As of December 31, 2014, the effective weighted average interest rates used in the calculation of discounted carrying value of TL and USD denominated due to related parties are 10,2% p.a. and 0,17% p.a., respectively (2013: 9,33% p.a., 2,46% p.a respectively). Due to related parties mature within 3 months (2013: 3 months).

20. Related party disclosures (continued)

b) Due to related parties short term trade receivable

	December 31, 2014	December 31, 2013
Alkim Kimya (1)	**-**	873
Sodaş Sodyum A.Ş. (3)	**-**	-
	-	873

	January 1 – December 31, 2014	January 1 – December 31, 2013
c) Product sales:		
Alkim Kimya (1)	**83.632**	27.387
Sodaş Sodyum A.Ş. (3)	**560**	645
	84.192	28.032
d) Service taken:		
Alkim Kimya (1)	**11.441**	85.606
Alkim Sigorta (2)	**939.844**	903.761
	951.285	989.367
e) Dividend Paid:		
Alkim Kimya	**5.716.994**	3.991.242
Other	**1.435.508**	1.002.272
	7.152.502	4.993.514

(1) Shareholder of the Company
(2) Subsidiary of the Company
(3) Tha Company partner is shareholder

f) Key management compensations:

Key management is comprised of the general manager, vice general manager and members of Board of Directors. The benefits provided to key management are as follows:

	January 1 – December 31, 2014	January 1 – December 31, 2013
Short term benefits provided to key management	**1.680.620**	2.194.853
Bonus and profit-sharing	**79.483**	128.039
	1.760.103	2.322.892

21. Equity

The Company's shareholders and their shareholding percentages as of December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
Hissedar	**Participation (%)**	**Amount (TL)**	Participation (%)	Amount (TL)
Alkim Kimya	**79,93**	**41.962.500**	79,93	41.962.500
Public quotation	**20,00**	**10.500.000**	20,00	10.500.000
Other	**0,07**	**37.500**	0,07	37.500
Total paid-in share capital	**100,00**	**52.500.000**	100,00	52.500.000
Adjustment to share capital (*)		**32.414.361**		32.414.361
		84.914.361		84.914.361

(*) Adjustment to share capital" represents the difference between the amounts of cash and cash equivalents contributions, restated for inflation, to share capital and the amounts before the restatement.

The Company's capital consists of bearer shares of A, B, C, D, E and F groups; and F group shares are traded on ISE. Shareholders of A, B, C, D and E groups have privileges concerning voting rights in the General Assembly and recommending candidates to management board.

As of December 31, 2014, the capital of the Company consist of 5,25 billion shares with TL 0,01 par value each (2013: – 5.25 billion and TL 0,01 par value each).

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

The aforementioned amounts shall be classified in "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At December 31, 2014, the restricted reserves of the Company amount to TL 5.296.522 (December 31, 2013 - TL 4.612.298).

Listed companies shall distribute their profit in accordance with the Capital Market Board's Communiqué on Dividends II-19.1 which is effective from February 1, 2014.

Companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their main agreements or profit distribution policies. Furthermore, dividends may be paid in instalments with same or different amounts and profit share advances may be distributed over the profit in the interim financial statements.

In accordance with the Turkish Commercial Code (TCC), no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of a usufruct right certificate, to the members of the board of directors or to the employees unless the required reserves and the dividend for shareholders as determined in the main agreement or in the dividend distribution policy of the company are set aside; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

21. Equity (continued)

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

Inflation adjustments to shareholders' equity and book value of extraordinary reserves can be used as an internal source in share capital increase, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

As of December 31, 2014 and 2013 balances of shareholders equity items (as per Statutory Financial Statements of the Company) are as follows:

	December 31, 2014	December 31, 2013
Legal reserves (1st and 2nd legal reserves)	**5.296.522**	4.612.298
Extraordinary reserves	**2.485.725**	5.931.449
Net profit/(loss) for the year	**(8.192.789)**	4.470.487
	(410.542)	15.014.234

Dividends

As agreed in the ordinary general meeting dated March 27, 2014, remaining balance of 2013 distributable profit after assigning first legal reserve is TL 223.525 (distributable profit of 20%) and second legal reserve is TL 460.699 (nominal isseued capital of 4%), which amounted to TL 7.152.502 (net amount TL 6.079.629). The Company paid cash dividend which corresponds to TL 0,1362 as gross and TL 0,1158 as net cash dividend for the shares with a nominal value of TL 0i01 to shareholders as of May 26, 2014.

Other funds

	December 31, 2014	December 31, 2013
Actuarial loss arising from defined benefit plans	**520.740**	433.351
Tax effect	**(104.148)**	(86.670)
Net	**416.592**	346.681

22. Earnings per share

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

Earnings per share is calculated by dividing net profit for the period to weighted average number of shares in issue during that period.

22. Earnings per share (contiuned)

Net earnings per share:

		January 1 - December31, 2013	January 1 - December31, 2012
Net profit/(loss) for the period	A	**(6.912.976)**	4.197.652
Weighted average number of the shares	B	**5.250.000.000**	5.250.000.000
Earnings per share (TL)	**A/B**	**(0,0013)**	0.0008

23. Sales and cost of sales

	January 1 - December 31, 2014	January 1 - December 31, 2013
Domestic sales	**123.885.713**	112.700.916
Export sales	**3.165.682**	3.913.308
	127.051.395	116.614.224
Less: Discounts	**(197.473)**	(47.368)
Returns	**(248.615)**	(80.032)
Net sales	**126.605.307**	116.486.824
Cost of sales	**(110.216.828)**	(106.079.491)
Gross profit	**16.388.479**	10.407.333

24. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses

	January 1 - December 31, 2014	January 1 - December 31,2013
Research and development expenses:		
Staff cost	**59.992**	53.227
Other	**-**	8
	59.992	53.235

24. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses (contined)

	January 1 - December 31, 2014	January 1 - December 31, 2013
Marketing, selling and distribution expenses:		
Transportation	**1.665.095**	1.464.074
Staff cost	**1.348.619**	1.212.397
Advertising	**169.525**	390.674
Travel	**79.423**	79.579
Commission	**78.273**	21.336
Rent	**54.000**	51.600
Taxes and funds	**52.667**	36.901
Depreciation and amortization	**30.791**	31.384
Communication expenses	**24.988**	32.365
Insurance	**13.662**	61.411
Other	**101.960**	71.243
	3.619.003	3.452.964
General administrative expenses:		
Staff cost	**2.680.903**	3.518.593
Advocacy, litigation and enforcement cost	**673.359**	-
Consultancy	**442.783**	521.433
Depreciation and amortization	**138.121**	116.356
Taxes and funds	**136.896**	69.497
Travel expenses	**115.708**	136.112
Communication	**14.808**	22.873
Other	**257.523**	430.133
	4.460.101	4.814.997

25. Expenses by nature

	January 1 - December 31, 2014	January 1 - December 31, 2013
Raw materials	**77.422.890**	72.284.580
Energy	**12.015.590**	12.211.409
Staff cost	**10.785.886**	12.028.027
Depreciation and amortization	**6.336.915**	6.414.025
Spare part	**1.904.219**	1.334.905
Transportation	**1.702.864**	1.490.775
Cost of merchandises	**1.120.955**	312.227
Consumables	**1.015.583**	975.676
Insurance expense	**833.673**	653.240
Maintenance and repair	**771.829**	1.071.700
Consultancy	**442.783**	521.433
Other cost of other sales	**387.717**	291.216
Subcontract labor expense	**234.809**	499.159
Advertising	**169.525**	390.674
Other	**3.210.686**	3.921.641
	118.355.924	114.400.687

26. Other operating income/(expense)

a) Other operating income:

	January 1 - December 31,2014	January 1 - December 31, 2013
Foreign exchange gains on receivable and supplier	**4.509.901**	6.364.138
Delay interest income	**543.760**	731.923
Scrap sales income	**109.441**	126.726
Compensation income from insurance companies	**27.214**	81.744
Provisions no longer required	**-**	42.205
Other	**90.931**	78.958
	5.281.247	7.425.694

b) Other operating expense:

	January 1- December 31, 2014	January 1 - December 31, 2013
Provision expenses for doubtful receivables (*) (Not 4)	**20.953.798**	-
Foreign exchange gain from supliers and customers	**1.274.249**	1.409.472
Other	**61.034**	74.858
	22.289.081	1.484.330

(*) As indicated in Note 4, Company has booked allowance for doubtful receivables that amounting to TL 20.953.798 from Interpap on financial statement as of 31 December 2014.

27. Gains and losses from investment activities

	January 1- December 31, 2014	January 1- December 31, 2013
Gain from investment activities		
Gain on sale of fixed asset	**2.154.660**	1.630
	2.154.660	1.630

28. Finance income/expenses

	January 1- December 31, 2014	January 1- December 31, 2013
Finance income		
Foreign exchange gain	**1.188.906**	946.086
İnterest income	**263.656**	429.821
Gain on sale of marketable securities	**1.047**	-
	1.453.609	1.375.907

28. Finance income/(expenses) (continued)

	January 1 - December 31, 2014	January 1 - December 31, 2013
Finance expense		
Foreign exchange loss	**2.961.617**	3.473.862
Interest expense	**904.792**	635.311
	3.866.409	4.109.173

29. Taxes

	December 31, 2014	December 31, 2013
Corporation taxes currently payable	**-**	1.353.790
Less: Prepaid income taxes	**(1.256.948)**	(1.182.687)
Current income tax (assets)/liabilities	**(1.256.948)**	171.103

Breakdown of taxation on income for the years ended December 31, 2014 and 2013 are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Current corporation tax expense	**-**	(1.353.790)
Deferred tax income	**2.063.468**	203.248
Total tax expense	**2.063.468**	(1.150.542)

Corporation tax is payable at a rate of 20% for 2014 (2013 - 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (e.g income from associates exemptions, investment incentive allowance exemptions) and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

The reconciliations of the taxation on income for the years ended December 31, 2014 and 2013 are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Profit/(loss) before tax	**(8.976.444)**	5.348.194
Taxes calculated on profit before tax	**1.795.289**	(1.069.639)
Expenses not deductible for tax purposes	**(46.537)**	(66.673)
The tax effect of deductible income	**303.705**	-
Other	**11.011**	(14.230)
Taxes on income	**2.063.468**	(1.150.542)

29. Taxes (continued)

Deferred taxes

The Company calculates deferred income tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the following periods under the liability method using the enacted tax rate of 20% (2013 - 20%).

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of December 31, 2014 and 2013 were as follows:

	Taxable temporary differences		Deferred income tax assets/ (liabilities)	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013
Difference on property, plant and equipment and intangible assets	**(10.107.385)**	(11.458.703)	**(2.021.477)**	(2.291.741)
Provision for employment termination benefits (Note 16)	**2.958.159**	2.814.608	**591.632**	562.922
Provision for unused vacations	**319.348**	309.390	**63.870**	61.878
Allowance for doubtful receivables	**9.195**	9.195	**1.839**	1.839
The tax effect of currrent loss	**9.414.560**	-	**1.882.912**	-
Other	**582.477**	1.097.133	**116.495**	219.427
Deferred tax liabilities – net			**635.271**	(1.445.675)

Movement for deferred tax assets/(liabilities) can be analyzed as follows:

	2014	2013
January 1	**1.445.675**	1.706.824
Credited to statements of comprehensive income	**(2.063.468)**	(203.248)
Diğer kapsamlı (gelire)/gidere yansıtılan	**(17.478)**	(57.901)
December 31	**(635.271)**	1.445.675

30. Financial instruments and financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational (mainly due to the changes in cellulose prices) risks.

The financial risk management objectives of the Company are defined as follows:

- safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk;
- effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures
- effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by collecting the Company's deposits at financially strong banks, by restricting risk from counterside (excluding related parties) through collecting collateral. The Company manages the credit risk from the direct customers by regularly updating their credit limits. The use of credit limits is regularly monitored and financial position of the customers, past experiences, reputation in the market and other factors are considered by the Management in order to evaluate the quality of the credits.

The credit risk exposure in terms of financial instruments as of December 31, 2014 and 2013 were as follows:

30. Financial instruments and financial risk management (continued)

December 31, 2014:

	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Bank deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	**20.476.864**	**-**	**195.923**	**9.335.749**	**30.008.536**
- The part of maximum credit risk covered with guarantees	-	**8.761.218**	-	-	-	**8.761.218**
A. Net book value of financial assets not due or not impaired (3)	-	**10.621.466**	**-**	**195.923**	**9.335.749**	**20.153.138**
B. Net book value of financial assets whose conditions are renegotiated,	-	**9.397.342**	-	-	-	**9.397.342**
C. Net book value of financial assets impaired	-	**458.056**	-	-	-	**458.056**
- The amount covered by guarantees.	-	**(29.059)**	-	-	-	**(29.059)**
D. Net book value of financial assets impaired	-	-	-	-	-	**-**
- Past due (gross book value)	-	**20.969.663**	-	-	-	**20.969.663**
- Impairment (-)	-	**(20.969.663)**	-	-	-	**(20.969.663)**
- The amount covered with guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The amount covered with guarantees	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Company's trade receivables arise from sales of coated paper, woodfree offset paper and photocopy.
(2) Guarantees received and other factors that increase the credit quality are taken into consideration in the determination of related amount.
(3) Company management predict that they don't encounter a problem about the collection of related amount based on past experiences

30. Financial instruments and financial risk management (continued)

December 31, 2013:

	Receivables					
	Trade Receivables(1)		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Bank deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	49.300.955	873	1.233.701	20.705.745	71.241.274
- The part of maximum credit risk covered with guarantees		30.386.772	-	-	-	30.386.772
A. Net book value of financial assets not due or not impaired (3)	-	49.207.490	873	1.233.701	20.705.745	71.147.809
B. . Net book value of financial assets whose conditions are renegotiated,	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	93.465	-	-	-	93.465
- The amount covered by guarantees.	-	(93.465)	-	-	-	(93.465)
D. Net book value of financial assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	15.865	-	-	-	15.865
- Impairment (-)	-	(15.865)	-	-	-	(15.865)
- The amount covered with guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The amount covered with guarantees	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Company's trade receivables arise from sales of coated paper, woodfree offset paper and photocopy.
(2) Guarantees received and other factors that increase the credit quality are taken into consideration in the determination of related amount.
(3) Company management predict that they don't encounter a problem about the collection of related amount based on past experiences

30. Financial instruments and financial risk management (continued)

	December 31, 2014	December 31, 2013
	Trade receivables	Trade receivables
	Third parties	Third parties
1-30 days overdue	**458.056**	93.465
The amount covered with guarantees	**(29.059)**	(93.465)
	428.997	-

Liquidity risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company. The Company's financial liabilities and liquidity analysis into relevant maturity groupings based on the remaining period as of December 31, 2014 and 2013 are as follows:

December 31, 2014:

Contractual maturity dates	**Book value**	**Total cash outflows per agreement (=I+II+III)**	**Less than 3 kısa (I)**	**3 - 12 months (II)**	**1 - 5 years(III)**
Non-derivative financial liabilities					
Bank borrowings	**13.024.564**	**13.068.415**	**4.773.189**	**5.744.771**	**2.550.455**
Other financial liabilities	**2.020.319**	**2.052.273**	**2.052.273**	**-**	**-**
Trade payables to related parties	**885.841**	**885.841**	**885.841**	**-**	**-**
Other trade payables to third parties	**5.783.109**	**5.809.433**	**3.185.067**	**2.624.366**	**-**
Short term liabilities for employee benefits	**1.065.614**	**1.065.614**	**1.065.614**	**-**	**-**
Other short term liabilities	**61.240**	**61.240**	**61.240**	**-**	**-**
	22.840.687	**22.942.816**	**12.023.224**	**8.369.137**	**2.550.455**

30. Financial instruments and financial risk management (continued)

December 31, 2013:

Contractual maturity dates	Book value	Total cash outflows per agreement (=I+II+III)	Less than3 Months (I)	3 - 12 ay months (II)	1 - 5 years(III)
Non-derivative financial liabilities					
Bank borrowings	26.121.774	26.154.948	9.193.441	12.210.906	4.750.601
Other financial liabilities	7.605.223	7.698.120	-	7.698.120	-
Trade payables to related parties	830.081	830.081	830.081	-	-
Other trade payables	9.053.370	9.081.140	9.081.140	-	-
Short term liabilities for employee benefits r	1.171.131	1.171.131	1.171.131	-	-
Other short term liabilities	32.915	32.915	32.915	-	-
	44.814.494	44.968.335	20.308.708	19.909.026	4.750.601

c) Market risk:

i) Foreign exchange risk

The Company is exposed to currency risk on assets or liabilities denominated in foreign currencies. Management has set up a balancing policy to manage their foreign exchange risk. Existing risks are followed in meetings held by the Company's Audit Committee and Board of Directors and foreign currencies are followed closely in terms of the Company's foreign exchange position.

As of December 31, 2014 and 2013 the Company's foreign currency position summarized as below. The Company's hold foreign currency asset and liability amounts in foreign currency as follows:

	December 31, 2014	December 31, 2013
Asstes	**26.180.432**	41.348.087
Liabilities	**(17.810.452)**	(33.708.699)
Net bilanço yabancı para pozisyonu	**8.369.980**	7.639.388
Net off- balance sheet items derivative instruments foregin currency position	**-**	-
Net foreign currency position	**8.369.980**	7.639.388

30. Financial instruments and financial risk management (continued)

As of yearend, foreign currency denominated monetary assets and liabilities of the Company is as follows:

December 31, 2013		**Net foreign currency position**		
	TL equivalent	**USD**	**Euro**	**Other**
1. Trade receivables	16.374.892	6.742.602	262.159	-
2a. Monetary financial assets (cash, bank accounts included)	9.098.938	3.885.641	31.384	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	3.915	50	1.347	-
4. Current Assets (1+2+3)	**25.477.745**	**10.628.293**	**294.890**	**-**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	702.687	303.026	-	-
8. Tangible assets (5+6+7)	**702.687**	**303.026**	**-**	**-**
9. Total Asset (4+8)	**26.180.432**	**10.931.319**	**294.890**	**-**
10. Trade payable	4.186.641	1.801.145	3.533	-
11. Financial liability	10.502.231	4.528.971	-	-
12a. Monetary financial liabilities	599.247	258.419	-	-
12b. Non-monetary financial liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	**15.288.119**	**6.588.535**	**3.533**	**-**
14. Trade payables	-	-	-	-
15. Financial liabilities	2.522.333	1.087.728	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	**2.522.333**	**1.087.728**	**-**	**-**
18. Total Liabilities (13+17)	**17.810.452**	**7.676.263**	**3.533**	**-**
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Asset nature net foreign currency asset/(liability) position of off-balance sheet derivative instruments	-	-	-	-
19b. Liability nature net foreign currency asset/(liability) position of off-balance sheet derivative instruments	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	**8.369.980**	**3.255.056**	**291.357**	**-**
21. Net asset/(liability) position of oforeign currency monetary items				
21.Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**7.663.378**	**2.951.980**	**290.010**	**-**
22.Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	**3.362.906**	**1.450.216**	**-**	**-**
24. Import	**78.686.744**	**33.932.789**	**-**	**-**

As of December 31, 2014, the foreign exchange balances are valued with these exchange rates; TL 2,3189 = ABD $ 1, TL 2,8207 = EURO 1 (December 31, 2012 – TL 2,1343 = ABD$ 1, TL 2,9365 = EURO 1)

30. Financial instruments and financial risk management (continued)

December 31, 2013		Net foreign currency position		
	TL equivalent	**USD**	**Euro**	**Other**
1. Trade receivables	38.497.811	17.927.623	79.988	-
2a. Monetary financial assets (cash, bank accounts included)	2.850.276	1.332.703	2.005	-
2b. Non-monetary financial assets				
3. Other	-	-	-	-
4. Current Assets (1+2+3)	41.348.087	19.260.326	81.993	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Tangible assets (5+6+7)	-	-	-	-
9. Total Asset (4+8)	41.348.087	19.260.326	81.993	-
10. Trade payable	6.352.179	2.842.243	97.388	-
11. Financial liability	21.386.897	10.020.568	-	-
12a. Monetary financial liabilities	1.234.746	578.501	17	-
12b. Non-monetary financial liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	28.973.822	13.441.312	97.405	-
14. Trade payables	-	-	-	-
15. Financial liabilities	4.734.877	2.218.468	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	4.734.877	2.218.468	-	-
18. Total Liabilities (13+17)	33.708.699	15.659.780	97.405	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Asset nature net foreign currency asset/(liability) position of off-balance sheet derivative instruments	-	-	-	-
19b. Liability nature net foreign currency asset/(liability) position of off-balance sheet derivative instruments	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	7.639.388	3.600.546	(15.412)	-
21. Net asset/(liability) position of oforeign currency monetary items				
21.Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	7.639.388	3.600.546	(15.412)	-
22.Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	3.913.058	2.078.332	-	-
24. Import	59.660.105	31.845.974	-	-

30. Financial instruments and financial risk management (continued)

December 31, 2014	Table of sensitivity analysis of foreign currency risk			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	**754.815**	**(754.815)**	**-**	**-**
2- The part hedged for USD risk (-)	-	-	**-**	**-**
3- USD net effect (1 +2))	**754.815**	**(754.815)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR - net	**82.183**	**(82.183)**	**-**	**-**
5- The part hedged for EUR risk (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**82.183**	**(82.183)**	**-**	**-**
Change of Other Currencies by 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	**-**	-	**-**	**-**
8- The part hedged for other foreign currency risk (-)	**-**	-	**-**	**-**
9- Other Foreign Currency effect - net (7+8)	**-**	**-**	**-**	**-**
Total (3 + 6 +9)	**836.998**	**(836.998)**	**-**	**-**

December 31, 2013	Table of sensitivity analysis of foreign currency risk			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	**768.465**	**(768.465)**	**-**	**-**
2- The part hedged for USD risk (-)	-	-	**-**	**-**
3- USD net effect (1 +2))	**768.465**	**(768.465)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR - net	**(4.526)**	**4.526**	**-**	**-**
5- The part hedged for EUR risk (-)	-	-	**-**	**-**
6- EUR net effect (4+5)	**(4.526)**	**4.526**	**-**	**-**
Change of Other Currencies by 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	-	-	**-**	**-**
8- The part hedged for other foreign currency risk (-)	-	-	**-**	**-**
9- Other exchange rates net effect (7+8)	-	-	**-**	**-**
Total (3 + 6 +9)	**763.939**	**(763.939)**	**-**	**-**

30. Financial instruments and financial risk management (continued)

ii) Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The interest rate risk of the Company is mainly resulted from bank borrowings. The interest rate risk of bank borrowings with floating interest rates is partially offset by financial assets with floating rates. These exposures are managed by balancing interest rate sensitive assets and liabilities.

	Interest rate position	
	December 31, 2014	December 31, 2013
Financial instruments with fixed interest rate		
Finansal assets	**8.821.246**	20.626.321
Financial liabilities	**2.087.380**	5.954.697
Financial instruments with variable interest rate		
Financial liabilities	**10.937.184**	20.167.077

According to interest rate sensitivity analysis performed by the Company as of December 31, 2014, if interest rates had been 1% higher while all other variables being constant, income for the period would be TL 109.372 (2013: - TL 201.671) lower as a result of additional interest expense that would be incurred on financial instruments with floating rates.

iii) Price risk

The Company's operational profitability and cash inflows from its operations are exposed to risk arising from fluctuations in paper prices which are affected from the competition in the raw material prices. The Company management manages the risk by regularly reviewing the amount of inventory held on hand and takes action for cost reduction to decrease the pressure of cost on the prices. The Company has not used derivative instruments or entered into a similar agreement. Existing risks are monitored through regular meetings by the Company's Board of Directors.

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of debt/equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including borrowings, trade payables and due to related parties payables as shown in the balance sheet) less cash and cash equivalents:

	December 31, 2014	December31, 2013
Total debt	**26.835.660**	50.779.697
Less: Cash and cash equivalents (Note 4)	**(9.916.787)**	(20.996.009)
Net debt	**16.918.873**	29.783.688
Total equity	**88.585.448**	102.720.837
Total equity	**105.504.320**	132.504.525
Debt/equity ratio	**16%**	22%

30. Financial instruments and financial risk management (continued)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

The following methods and assumptions are used in the estimation of fair values of financial instruments whose fair value can be determined:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables are considered to approximate their respective carrying values due to their short-term nature.

Financial liabilties

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values. Due to the floating long-term bank loans are updated during the year, fair value is considered to approximate carrying value.

31. Subsequent events

None

32. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

None (2013 – None).