DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Duran Doğan Basım ve Ambalaj Sanayi A.Ş.

We have audited the accompanying consolidated statement of financial position of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (the "Company") and its subsidiary (together will be referred as "the Group") as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. and its subsidiary as at 31 December 2013, and of their financial performance and its their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 28 August 2013, and the committee is comprised of 3 members. Since the date of its establishment, the committee has held meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

İstanbul, 11 March 2014

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

Ferda Elerman
Partner

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DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

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

	Notes	Current Period 31 December 2013	Restated(*) Prior Period 31 December 2012
ASSETS			
Current Assets		**54.007.663**	**38.544.360**
Cash and cash equivalents	4	17.317.763	7.675.538
Trade receivables		25.271.753	22.287.732
Trade receivables from related parties	*5-6*	-	*2.995.729*
Trade receivables from third parties	*6*	*25.271.753*	*19.292.003*
Other receivables			
Other receivables from third parties	8	36.509	44.209
Derivative financial instruments	7	-	29.043
Inventories	9	9.147.630	7.021.635
Prepaid expenses	10	1.063.573	694.248
Other current assets	16	1.170.435	791.955
Non-Current Assets		**56.203.342**	**44.455.420**
Other receivables			
Other receivables from third parties	8	107.128	138.228
Property, plant and equipment	11	52.593.490	41.791.656
Intangible assets	12	790.996	744.034
Prepaid expenses	10	-	1.140.200
Deferred tax assets	24	2.711.728	641.302
TOTAL ASSETS		**110.211.005**	**82.999.780**

(*) The effects of restatement is disclosed in Note 2, Restatement of Comparative Amounts and Correction of Previous Period's Financial Statements.

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

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

	Notes	Current Period 31 December 2013	Restated(*) Prior Period 31 December 2012
LIABILITIES			
Current Liabilities		**51.777.783**	**33.369.212**
Short-term borrowings	13	34.578.287	12.251.325
Short-term portion of long-term borrowings	13	3.639.353	5.249.197
Other financial liabilities	13	729.175	-
Trade payables		10.308.135	13.844.777
Trade payables to related parties	*5*	*108.143*	*419.910*
Trade payables to third parties	*5-6*	*10.199.992*	*13.424.867*
Payables related to employee benefits	15	825.359	654.732
Other payables			
Other payables to third parties	8	24.109	58.251
Derivative financial instruments	7	-	41.982
Deferred income	10	1.070.491	645.937
Current tax liabilities	24	19.080	137.327
Short-term provisions			
Short-term provisions for employee benefits	15	127.061	109.037
Other short-term provisions	14	29.917	50.000
Other current liabilities	16	426.816	326.647
Non-Current Liabilities		**45.364.182**	**28.355.531**
Long-term borrowings	13	37.888.497	27.246.372
Other payables			
Other payables to related parties	5-8	5.873.000	-
Long-term provisions			
Long-term provisions for employee benefits	15	1.602.685	1.109.159
EQUITY		**13.069.040**	**21.275.037**
Equity Attributable to Owners of the Company		**13.068.742**	**21.274.965**
Share capital	17	16.575.788	16.575.788
Adjustments to share capital		6.436.501	6.436.501
Share premium		5.220	5.220
Restricted reserves appropriated from profit	17	325.455	16.793
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			
-Actuarial loss		(308.779)	(92.875)
Prior years' losses		(1.975.124)	(8.512.887)
Net (loss)/profit for the period		(7.990.319)	6.846.425
Non-Controlling Interests		**298**	**72**
TOTAL LIABILITIES		**110.211.005**	**82.999.780**

(*) The effects of restatement is disclosed in Note 2, Restatement of Comparative Amounts and Correction of Previous Period's Financial Statements.

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Note	Current Period 1 January 31 December 2013	Restated (*) Prior Period 1 January 31 December 2012
PROFIT AND LOSS			
Revenue	18	83.940.075	88.022.401
Cost of sales (-)	18	(70.505.207)	(66.324.778)
Gross Profit from Non-financial operations		13.434.868	21.697.623
GROSS PROFIT		**13.434.868**	**21.697.623**
Administrative expenses (-)	19	(6.493.778)	(5.552.757)
Marketing expenses (-)	19	(6.716.457)	(7.842.619)
Research and development expenses (-)	19	-	(211.281)
Other income from operating activities	21	17.361.935	20.087.226
Other expenses from operating activities (-)	21	(12.898.189)	(18.733.649)
Operating Profit		**4.688.379**	**9.444.543**
Income from investing activities	22	819.029	385.977
Expenses from investing activities (-)	22	(48.144)	(160.166)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**5.459.264**	**9.670.354**
Finance income	23	-	2.195.965
Finance expenses(-)	23	(15.391.946)	(3.763.458)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(9.932.682)**	**8.102.861**
Tax expense/income from continuing operations		1.942.589	(1.256.286)
Current tax expense	24	(73.861)	(154.801)
Deferred tax income/(expense)	24	2.016.450	(1.101.485)
PROFIT/ (LOSS) FOR THE PERIOD		**(7.990.093)**	**6.846.575**
Profit/ (loss) for the period attributable to:			
Non-controlling Interests		226	150
Equity holders of the parent company		(7.990.319)	6.846.425
		(7.990.093)	**6.846.575**
Earnings / (Loss) per share	25	(0,0048)	0,0041

(*) The effects of restatement is disclosed in Note 2, Restatement of Comparative Amounts and Correction of Previous Period's Financial Statements.

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Note	Current Period 1 January- 31 December 2013	Prior Period 1 January- 31 December 2012
Profit / (loss) for the period		**(7.990.093)**	**6.846.575**
Items that will not be reclassified subsequently to profit or loss			
Loss on remeasurement of defined benefit plans	15	(269.880)	(116.094)
Deferred tax effect of loss on remeasurement of defined benefit plans	24	53.976	23.219
Other comprehensive loss		**(215.904)**	**(92.875)**
Total comprehensive (loss)/ profit		**(8.205.997)**	**6.753.700**
Non-controlling interests		226	150
Owners of the Company		(8.206.223)	6.753.550

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

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

				Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Retained earnings				
	Share capital	Share Capital Adjustments	Share premium	Accumulated loss on remeasurement of benefit plans	Restricted reserves appropriated from profit	Prior years' losses	Net profit/ (loss) for the period	Equity Attributable to Owners of the Company	Non-controlling interests	Total Equity
Balance as at 1 January 2012	16.575.788	6.436.501	5.220	-	16.793	(12.006.081)	3.493.194	14.521.415	(78)	14.521.337
Transfers	-	-	-	-	-	3.493.194	(3.493.194)	-	-	-
Total comprehensive income	-	-	-	(92.875)	-	-	6.846.425	6.753.550	150	6.753.700
- *Loss on remeasurement of defined benefit plans*	-	-	-	(92.875)	-	-	-	(92.875)	-	(92.875)
- *Net profit for the period*	-	-	-	-	-	-	6.846.425	6.846.425	150	6.846.575
Balance as at 31 December 2012	16.575.788	6.436.501	5.220	(92.875)	16.793	(8.512.887)	6.846.425	21.274.965	72	21.275.037
Balance as at 1 January 2013	16.575.788	6.436.501	5.220	(92.875)	16.793	(8.512.887)	6.846.425	21.274.965	72	21.275.037
Transfers	-	-	-	-	308.662	6.537.763	(6.846.425)	-	-	-
Total comprehensive loss	-	-	-	(215.904)	-	-	(7.990.319)	(8.206.223)	226	(8.205.997)
- *Loss on remeasurement of defined benefit plans*	-	-	-	(215.904)	-	-	-	(215.904)	-	(215.904)
- *Net loss for the period*	-	-	-	-	-	-	(7.990.319)	(7.990.319)	226	(7.990.093)
Balance as at 31 December 2013	16.575.788	6.436.501	5.220	(308.779)	325.455	(1.975.124)	(7.990.319)	13.068.742	298	13.069.040

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

Cash flow from operating activities	Notes	Current period 1 January- 31 December 2013	Restated(*) Prior period 1 January- 31 December 2012
Net (loss)/profit for the period		**(7.990.093)**	**6.846.575**
- Depreciation and amortization	11-12	5.331.049	4.101.010
- Gain on sale of property, plant and equipment (net)	22	(770.885)	(225.811)
- Provision for employment termination benefits	15	565.479	412.998
- Bonus provision	15	-	22.000
- Royalty provision	14	29.917	-
- (Reversal of lawsuit provision) /lawsuit provision	14	(7.666)	50.000
- Provision for doubtful receivables	6	5.886	40.624
- Allowance for impairment of inventory	9	144.241	35.758
- Tax (income) /expenses	24	(1.942.589)	1.256.286
- Interest income	21	(133.192)	(60.649)
- Interest expense	23	2.782.232	2.971.471
- Fair value changes in derivated financial assets and liabilities		(12.939)	(130.172)
- Unrealized net foreign exchange (losses)/gains		9.902.588	(1.412.230)
		7.904.028	**13.907.860**
Changes in working capital			
- Changes in trade receivables		(2.999.677)	(2.251.106)
- Changes in inventories		(2.270.236)	(162.318)
- Changes in other receivables and assets		431.195	(738.283)
- Changes in trade payables		(3.536.642)	4.221.343
- Changes in payables related to employee benefits		170.627	-
- Changes in other payables and liabilities		6.403.605	21.996
		6.102.900	**14.999.492**
- Royalty paid	14	-	(42.744)
- Bonus paid		(22.000)	(498.000)
- Interest paid		(2.680.360)	(2.715.371)
- Interest received		133.192	60.649
- Lawsuit provision paid	14	(42.334)	-
- Termination benefits paid	15	(341.833)	(198.222)
- Taxes paid	24	(192.108)	(17.474)
- Collections from doubtful receivables	6	-	127.662
Net cash generated from operating activities		**2.957.457**	**11.715.992**

(*) The effects of restatement is disclosed in Note 2, Restatement of Comparative Amounts and Correction of Previous Period's Financial Statements.

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Notes	Current period 1 January- 31 December 2013	Restated(*) Prior period 1 January- 31 December 2012
Cash flows from investing actıvities			
- Proceeds from disposal of property, plant and equipment		951.214	237.686
- Payments for the purchase property, plant and equipment (**)	11	(10.773.090)	(3.023.593)
- Payments for the purchase of intangible assets	12	(252.870)	(248.112)
Cash used in investing activities		**(10.074.746)**	**(3.034.019)**
Cash flows from financing activities			
- New borrowings		39.567.321	10.786.671
- Repayment of borrowings		(19.672.179)	(10.162.552)
- Repayment of finance lease payables		(6.775.176)	(3.967.595)
- Change in factoring payables		2.910.373	1.474.637
- Change in other financial liabilities		729.175	-
Cash flows provided by/(used in) financing activities		**16.759.514**	**(1.868.839)**
Increase in cash and cash equivalents		9.642.225	6.813.134
Cash and cash equivalents at the beginning of the period	4	7.675.538	862.404
Cash and cash equivalents at the end of the period		**17.317.763**	**7.675.538**

(*) The effects of restatement is disclosed in Note 2, Restatement of Comparative Amounts and Correction of Previous Period's Financial Statements.

(**) In the current year, TL 5.334.214 of the property, plant and equipment have been purchased through finance lease (2012: TL 1.514.830).

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. ("Company") and its Subsidiary (together "Group") is composed of Duran Doğan Basım ve Ambalaj Sanayi A.Ş., having controlling interests, as well as of a consolidated subsidiary, in which it has majority stake or controlling power.

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. has been established in Turkey in 1975 to primarily carry out printing, cutting, gluing and laminating processes over paper and cardboard in rolls and sheets, as well as over such materials as any plastic materials, aluminum, metal, tin, etc., for production of any kind of packagings, and to sell, to export and import the same, as well as to engage in and deal with other fields of activities set forth in its Articles of Association.

Shares of the Company are registered with Capital Market Board (CMB) and are traded at Istanbul Stock Exhange.

Company is headquartered at Hadımköy Mahallesi Mustafa İnan Cad. No:41 Arnavutköy / ISTANBUL.

Total number of personnel employed at Group as of 31December 2013 is 239 (31 December 2012: 261).

Major shareholders of Company are LGR Societe Anonyme (27,58%), Dikran Mihran Acemyan (9,70%), İbrahim Okan Duran (8,92%), Oktay Duran 8,30%) and Dikran Acemyan (5%).

<u>Confirmation of Financial Statements</u>

Financial statements were ratified by the Board of Directors and authorised for issue there on 11 March 2014. The General Assembly of the Company has the authority to modify the consolidated financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Declaration of conformity to TAS

Company and its Turkey based subsidiary keep and prepare their statutory books and mandatory financial statements in compliance with accounting principles related with in Turkish Commercial Code (“TCC”) and applicable tax legislation.

Financial statements attached are prepaid in accordance with the June 13, 2013 and number 28786 declaration of Capital Markets Board(“CMB”) with the 5th item of the series number II, 14.1 “ Rules of Declaration related with the financial reporting in CMB(“Declaration”) and the Turkish Accounting Standards/Turkish Financial Reporting Standards and the attachments and comments related with these standards (TAS/TFRS) are based on.

In addition financial statements and disclosures are presented in accordance with the format described by CMB at 07 June 2013.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Each entity's financial position and results of operations are presented in TL which is the functional currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the resolution numbered 11/367 dated 17 March 2005, the CMB stated that companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards effective from 1 January 2005 are not subject to inflation accounting. Based on that statement, TMS 29 “Financial Reporting in Hyperinflationary Economies” is not applied starting from 1 January 2005 in the accompanying consolidated financial statements for the companies registered in Turkey and functional currencies in TL.

Comparative Informations and Adjustment of Previous Period Financial Statements :

In order to identify the financial position and performance trends, consolidated financial statements of the Group are prepaid comperatively with prior perid. When it is assumed to be required, in order to provide convenience to presentation of current period’s financials, prior periods financials are reclassed and material differences are disclosed. In current period, Group has made some reclasses to provide convenience to format of CMB declarated in June 7, 2013. Qualifications, reasons and the amounts of reclassifications are disclosed below:

- The Group has presented the income accruals amounted at TL 82.864 under “Other Current Assets” in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under “ Current receivables from non-related parties”.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the Presentation (cont'd)

Comparative Informations and Adjustment of Previous Period Financial Statements :

- The Group has presented the prepaidexpenses amounted at TL 189.672 and business advance amounted at TL 3.300 under "Other Current Assets" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Short Term Prepaid Expenses".

- The Group has presented the prepaidexpenses amounted at TL 7.678 under "Other Current Assets" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Short Term Prepaid Expenses".

- The Group has presented the advances given for purchase of inventory amounted at TL 493.598 under "Other Current Assets" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Short Term Prepaid Expenses".

- The Group has presented the social security deductions amounted at TL 246.427 under "Other Payables" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Employee Benefits".

- The Group has presented the advances given amounted at TL 1.140.200 under "Other Non Current Assets" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Non current prepaid expenses".

- The Group has presented the short range of long term credit amounted at TL 5.249.197 under "Short Term Liabilities" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Short term part range of long term bank borrowings".

- The Group has presented the advances received amounted at TL 33.932, short term deferred income amounted at TL 612.005 and expense accruals amounted at TL 204.355 in other short term liabilities in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified the advances received under "Deferred Income" and short term deferred income under " Short term trade payables from third parties".

- The Group has presented the payables to personnel amounted at TL 408.305 under "provisions related with the benefit to employees" in consolidated financial position in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Employee benefits"

* The Grup has presented the rent income amounted at TL 338.864 in "Sales Revenue" in 2012, in current year, the balance is reclassified under "Other income from operating activities"

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the Presentation (cont'd)

Comparative Informations and Adjustment of Previous Period Financial Statements :

* The Group has presented the maturity difference, time deposit interest and foreign currency differences income amounted at TL 19.372.637 under "Financial income" in 2012 in consolidated statement of profit and loss in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Other income from operating activities"

* The Group has presented the maturity difference, time deposit interest and foreign currency differences expense amounted at TL 18.677.617 under "Financial expense" in 2012 in consolidated statement of profit and loss in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Other expense from operating activities"

* The Group has presented the sales revenue of property, plants and equipments amounted at TL 385.977 under "Other operating income" under consolidated statement of profit and loss in 2012. In current year the Group management has reviewed and, the balance is reclassified under " Income from investing activities"

* The Group has presented the losses from disposal of property, plant and equipment amounted at TL 160.166 under "Other operating expense" under consolidated statement of profit and loss in 2012. In current year, the Group management has reviewed and, the balance is reclassified under " Expense from investing activities".

Besides, the Group has represented the reverse balances in trade recievables and payables as deferred income and prepaid expenses.

Basis of Consolidation

The details of the Company's subsidiaries at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013		**31 December 2012**		
	Direct ownership	**Indirect ownership**	**Direct ownership**	**Indirect ownership**	
Subsidiary	**%**	**%**	**%**	**%**	**Business Line**
Dudo İthalat ve İhracat Pazarlama A.Ş.	99,92	99,92	99,92	99,92	Domestic and foreing trade of printed and unprinted cardboard boxes

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the Presentation (cont'd)

Basis of Consolidation (cont'd)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Changes in the Accounting Policies (cont'd)

Significant changes in accounting policies are applied retrospectively and previous period financial statements are readjusted. Group has not changed accounting policies because of the changes in current period on standard.

2.3 Changes in the Accounting Estimates and Errors

If the application of changes to the accounting estimates affects the financial results of a specific year, the accounting estimate change is applied in that specific year, if they affect the financial results of current and following years; the accounting policy estimate is applied prospectively in the year in which such change is made. The Group did not have any major changes in the accounting estimates during the current year.

2.4 Adoption of New and Revised International Financial Reporting Standards

a) Amendments to TFRSs affecting amounts reported and/or disclosures in the financial statements

The following amendments to TFRSs have been applied in the current year and have affected the amounts reported in these consolidated financial statements.

TAS 1 (Amendments) ***Presentation of Financial Statemets Presentation of Items of Other Comprehensive Income***

The amendments to TAS 1 Presentation of Items of Other Comprehensive Income is effective for the annual years beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

a) Amendments to TFRSs affecting amounts reported and/or disclosures in the financial statements (cont'd)

TAS 19 *Employee Benefits*

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application. The Group has applied the amendments to TAS 19 Employee Benefits in the current year.

(b) Standards, effective after the year of 2013 and do not have any impact on the groups financial statements, amendments and interpretations to existing standards.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of TFRS 10. Under TFRS 10, there is only one basis for consolidation, which is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(b) Standards, effective after the year of 2013 and do not have any impact on the groups financial statements, amendments and interpretations to existing standards (cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

Amendments to TAS 1 Presentation of Financial Statements
(as part of the *Annual Improvements to IFRSs 2009-2011* Cycle issued in May 2012)

As a part of Annual Improvements 2009-2011 period presented in May 2012, the amendments to TAS 1 as part of the Annual Improvements to IFRSs 2009-2011 Cycle are effective for the annual years beginning on or after 1 January 2013.

TAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding year (third statement of financial position). The amendments to TAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to TFRS 7 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to TFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(b) Standards, effective after the year of 2013 and do not have any impact on the groups financial statements, amendments and interpretations to existing standards (cont'd)

***Annual Improvements to TFRSs 2009 - 2011 Cycle* issued in May 2012**

- Amendments to TAS 16 *Property, Plant and Equipment*;
- Amendments to TAS 32 *Financial Instruments: Presentation*; and
- Amendments to TAS 34 *Interim Financial Reporting.*

* Amendments to TAS 16

Amendments to TAS 16

The amendments to TAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in TAS 16 and as inventory otherwise. The amendments to TAS 16 did not have a significant effect on the Group's consolidated financial statements.

Amendments to TAS 32

The amendments to TAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with TAS 12 *Income Taxes*. The amendments to TAS 32 did not have a significant effect on the Group's consolidated financial statements.

Amendments to TAS 34

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to TAS 34 did not have an effect on the Group's consolidated financial statements.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

The Interpretation is effective for annual years beginning on or after 1 January 2013 with earlier application permitted. The interpretation is not relevant to the Group, as it does not have mining activity.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2.1 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(c) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to IFRS 10, 11, IAS 27	*Investment Entities*[1]
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

2.5 Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of Goods

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

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

Inventories

Inventories are stated at the lower of cost or net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories according to their inventory classes and valuation method of inventories is weighted average out method. Net realizable value represents the estimated selling price which occurred in the ordinary course of business, less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, if the inventory is written down to the net realizable value and the expense is included in statement of comprehensive income in the year the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Cost Method

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties at construction stage are carried at cost, less any recognized impairment loss. Directly attributable costs are included in the cost of properties. For assets that need considerable time to be ready for sale or usage, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, depreciation of these assets commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Finance Lease Transactions

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases - the Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Financial Instruments

Financial Assets

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

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the investment that can be reliably estimated.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. For financial assets carried at cost, impairment analysis is based on the present value of estimated future cash flows.

The impairment amount of financial assets carried at cost value is the difference betewen present value and the discounted amount of of future expected cash flows with the current interest rates. These impairments can not be cancelled in future periods.

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

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

Cash and cash equivalents

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

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

The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year. fair value prevailing at the balance sheet date. Any resultant gain or loss is recognised in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Earnings per Share

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

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

Events after the Balance Sheet Date

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement on the Group's profit or following the publicly disclosed financial information. The Group restates its financial statements if such adjusting subsequent events arise.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Taxation and Deferred Income Taxes

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

Current tax expenses consist of sum of current and deferred tax expenses.

Current tax

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

Deferred tax

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation and Deferred Income Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Current and deferred tax for the year:

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

Employee Benefits/Retirement Pay Provision

Retirement pay provision:

In addition to salary, Group provides bonuses, fuel, leave, holiday, education grant, food, marriage, birth and death benefits for its employees. Besides, under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per revised TAS 19 Employee Benefits ("TAS 19").

Retirement pay provision liabilities are calculated in accordance with net present value of future liabilities of all employees and presented in financial statements. All actuarial gains and losses are accounted under other comprehensive income. In this way, the applied discount rate, reflect the actual rate after correcting the estimated effects of future inflation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Cash Flow Statement

Cash flows for the period reported in cash flow statement by being classified based on main, investment and financing activities

Cash flows from operating activities, represents the cash flows from the Group's activities in packaging products operations.

Cash flows related to investing activities, represents the cash flows acquired and used in The Group's investment activities (fixed investments and financial investments).

Cash flows related to financing activities, represents the Group's resources used in financing activities and repayments of these resources.

Cash and cash equivalents are other short-term investments with high liquidity which comprise cash on hand and demand deposits with original maturities of 3 months or 3 months from the date of purchase, readily convertible to cash and with less risk of significant value change.

Shareholder's Equity and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded by deducting from equity in the period of the dividend decision is made.

2.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Useful life of property plant and equipment

The Group amortized its porperty, plant and equipment based over the estimated useful life of asset that stated in Note 11 and Note 12.

Impairment of inventories

The Group determined the inventories with net realizable values less than their costs and booked TL 282.295 TL inventory impairment provision in consolidated financial statements (2012: 138.054 TL).

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Provision for doubtful receivables

When there is an indication that the Group will not be able to collect receivables, the Group forms provision for doubtful receivables. The Group management booked TL 459.370 (2012: TL 443.714) doubtful receivable provision in 31 December 2013 consolidated financial statements.

Deferred tax

Deferred tax assets and liabilities are recorded for temporary differences arising from differences between tax basis financial statements and financial statements prepared in accordance with TFRS standards.T he subsidiaries of the Group have deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future.

The subsidiary of the Group has deferred tax asset consists of deductible temporary difference of profit to be existing in future. Total or partial amount of recoverable amount of deferred tax asset is assumed under certain circumstances. During evaluation, future profit projections, losses in current period, unused losses and the last usable dates of other tax assets and tax planning strategies to be used when required is considered. In consideration of obtained data, if future taxable profit of the Group is not enough to compensate all amount of deferred tax assets, provision is calculated to whole or partial amount of deferred tax asset.

3. OPERATION SEGMENTS

The Group started to apply TFRS 8 from 1 January 2013. The autohority who is responsible to take decisions about Groups operating activities determines operating segments based on the management reports reviewed regularly.

The reportable operating segments derive their revenue primarily from sales to Turkey, Middle East countries, Africa, Europe, USA and Azerbaijan.

	1 January - 31 December 2013				
	Turkey	Europe	USA	Middle East and Africa	Azerbaijan
Net Sales	39.359.336	36.620.069	2.618.267	2.500.046	4.430.828

	1 January - 31 December 2012				
	Turkey	Europe	USA	Middle East and Africa	Azerbaijan
Net Sales	42.754.098	35.436.281	2.067.590	2.357.130	6.204.051

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

4. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash	9.721	12.970
Cash at banks	17.308.042	7.626.968
Demand deposits	*589.737*	*1.387.343*
Time deposits less than 3 months maturity	*16.718.305*	*6.239.625*
Notes receivables due before balance sheet date	-	35.600
	17.317.763	7.675.538

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 26.

Cash and cash equivalent in the amount of TL 240.059 (2012: TL 57.699) is separately accounted for under 'Other Current Assets' as this balance is restricted from being used to fund continuing operations and to settle any part of the Group's liability. Because of the nature of the discount loans, 1,5% of the loan balance is restricted in deposits till the due date of the loan.

5. RELATED PARTY DISCLOSURES

	31 December 2013	
	Liabilities	Liabilities
	Short Term	Long Term
Balances with related parties	Trade	Non-Trade
Other companies managed by main shareholder		
Duran Makine San. ve Tic. Ltd. Şti.	107.138	-
LGR Emballages S.A.S. (Not 8)	-	5.873.000
Other		
Ali Can Duran	1.005	-
	108.143	5.873.000

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

5. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2012	
	Receivables	Liabilities
	Short Term	Short Term
Balances with related parties	Trade	Trade
Shareholders		
Yıldız Holding A.Ş.	-	76.941
Other companies managed by main shareholder		
Ülker Çikolata Sanayi A.Ş.	-	285.983
Continental Con. Com. Gıda San. Tic. A.Ş.	1.740.859	-
Kerevitaş Gıda San. ve Tic. A.Ş.	508.801	-
Natura Gıda San. ve Tic. A.Ş.	285.450	-
Hero Gıda San. Tic. A.Ş.	217.345	-
Güzeliş Gıda San. İma. ve Paz. Ltd. Şti.	56.666	-
Horizon Hızlı Tüketim Ürünleri Paz. Sat. ve Tic. A.Ş.	53.808	-
Ülker Bisküvi Sanayi A.Ş.	22.888	-
Ak Gıda San. ve Tic. A.Ş.	-	150
Godiva Belgium B.V.B.A./S.P.R.L.	21.564	-
Emirkan Gıda Paz. San. ve Tic. Ltd. Şti.	20.077	-
Pasifik Tüketim Ürünleri Sat. ve Tic. A.Ş.	49.383	-
Büyük Endüstriyel Ürünler. Paz. ve Tic. A.Ş.	-	7.574
Milford Yıldız Gıda San. ve Tic. A.Ş.	-	90
Sca Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	3.835
Farmamak Amb. Mad. ve Amb. Mak. San. ve Tic. A.Ş.	-	18.420
Medyasoft Bil. Sis. San. Tic. Ltd. Şti.	-	22.896
Polinas Plastik San. ve Tic. A.Ş.	-	3.983
Duran Makine San. ve Tic. Ltd. Şti.	18.888	-
FFK Fon Finansal Kiralama A.Ş.	-	38
	2.995.729	419.910

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

5. RELATED PARTY DISCLOSURES (cont'd)

a) Purchases and sales from related parties

The share transfer from Yıldız Holding A.Ş., which used to be a shareholder of the Company, was completed as of 30 April 2013. Since Yıldız Holding and its subsidiaries are no longer related parties of the Group, the following statement includes only the transactions with Yıldız Holding and its subsidiaries until 30 April 2013.

	1 January - 31 December 2013	
Transactions with related parties	Purchase of good and services	Sale of good and services
Shareholders		
Yıldız Holding A.Ş.(*)	33.272	-
Other companies managed by main shareholder		
Duran Makine San. ve Tic. Ltd. Şti.	715.697	136.315
FFK Fon Finansal Kiralama A.Ş.(*)	676.529	-
Ülker Çikolata Sanayi A.Ş.(*)	524.542	4.054.215
Farmamak Amb. Mad. ve Amb. Mak. San. ve Tic. A.Ş.(*)	18.847	-
Büyük End. Ür. Paz. Ve Tic.A.Ş.(*)	6.043	-
Medyasoft Danş.ve Eğitim A.Ş.(*)	3.062	-
Medyasoft Bil. Sis. San. Tic. Ltd. Şti.(*)	392	-
Kellogg Med Gıda Tic. Lmt. Şti.(*)	-	14.622
Continental Con. Com. Gıda San. Tic. A.Ş.(*)	-	1.238.940
Ülker Bisküvi Sanayi A.Ş.(*)	-	270.425
Örgen Gıda San. ve Tic. A.Ş.(*)	-	151.745
Hero Gıda San. Tic. A.Ş.(*)	-	426.214
Kerevitaş Gıda San. ve Tic. A.Ş.(*)	-	172.113
Natura Gıda San. ve Tic. A.Ş.(*)	-	406.693
Ak Gıda San. ve Tic. A.Ş.(*)	-	63.899
Rotopaş Ambalaj San. ve Tic. A.Ş(*)	-	79.774
Biskot Bisküvi Gıda San. ve Tic. A.Ş.(*)	-	438.497
Güzeliş Gıda San. İma. ve Paz. Ltd. Şti.(*)	-	42.427
Dosu Maya Mayacılık A.Ş.(*)	-	3.799
LGR Emballages S.A.S.	-	33.273
	1.978.384	7.532.951

(*) Related party status is ended as of 30 April 2013. The statement includes only the transactions between the Group and the company for the period between 1 January to 30 April 2013.

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

5. RELATED PARTY DISCLOSURES (cont'd)

a) Purchases and sales from related parties (cont'd)

	1 January - 31 December 2012	
Transactions with related parties	Purchase of good and services	Sale of good and services
Shareholders		
Yıldız Holding A.Ş.	489.504	34.421
Other companies managed by main shareholder		
Ülker Çikolata Sanayi A.Ş.	-	14.140.647
FFK Fon Finansal Kiralama A.Ş.	1.991.486	-
Ülker Bisküvi Sanayi A.Ş.	1.068.473	2.053.441
Medyasoft Bil. Sis. San. Tic. Ltd. Şti.	123.065	-
Farmamak Amb. Mad. ve Amb. Mak. San. ve Tic. A.Ş.	94.141	-
Duran Makine San. ve Tic. Ltd. Şti.	67.528	6.444
Bizim Toptan Satış Mağ. A.Ş.	25.165	-
Polinas Plastik San. ve Tic. A.Ş.	22.449	300
Büyük End. Ür. Paz. Ve Tic.A.Ş.	6.418	-
Continental Con. Com. Gıda San. Tic. A.Ş.	-	4.184.898
Örgen Gıda San. ve Tic. A.Ş.	-	1.388.540
Hero Gıda San. Tic. A.Ş.	-	1.381.098
Kerevitaş Gıda San. ve Tic. A.Ş.	-	1.337.219
Natura Gıda San. ve Tic. A.Ş.	-	816.491
Ak Gıda San. ve Tic. A.Ş.	-	635.801
Polmak Ambalaj San. ve Tic. A.Ş.	-	432.479
Godiva Chocolatier Inc.	-	250.185
Horizon Hızlı Tüketim Ürünleri Paz. Sat. ve Tic. A.Ş.	-	238.082
Godiva Belgium B.V.B.A./S.P.R.L.	-	142.980
Esas Pazarlama ve Tic. A.Ş.	-	48.183
Pasifik Tüketim Ürünleri Sat. ve Tic. A.Ş.	-	179.666
Güzeliş Gıda San. İma. ve Paz. Ltd. Şti.	-	407.967
Milford Yıldız Gıda San. ve Tic. A.Ş.	-	40.309
Dosu Maya Mayacılık A.Ş.	-	18.378
Exper Bilgi Sistemleri A.Ş.	-	20.261
Seher Gıda Paz. San. ve Tic. A.Ş.	-	25.834
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	8.069
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	1.500
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	852.794
Emirkan Gıda Paz.San.ve Tic.Ltd.Şti.	-	89.705
Rotopaş Ambalaj San.Ve Tic.A.Ş.	-	5.746
	3.888.229	28.741.438

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

5. RELATED PARTY DISCLOSURES (cont'd)

c) Benefits to senior management are TL 2.428.285 all of which is composed of wages and similar short-term benefits (31 December 2012: TL 2.010.700).

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

The details of the Group's trade receivables as of balance sheet date are as follows:

Short term trade receivables	31 December 2013	31 December 2012
Trade receivables	25.718.908	18.795.690
Trade receivables from related parties (Note 5)	-	2.995.729
Income accruals	12.215	82.864
Notes receivables	-	857.163
Provision for doubtful receivables (-)	(459.370)	(443.714)
	25.271.753	22.287.732

Average maturity days of trade receivables are 60 days for domestic costumers, 120 days for foreign customers. As of 31 December 2013, provision for doubtful receivables is amounting to TL 459.370 (31 December 2012: TL 443.714). Significant portion of doubtful receivables belong to customers who have got into economic hardships in an unexpected way.

Allowances for doubtful receivables recorded for trade receivables have been determined due to past experience of incidence of non-collection.

The movement of allowance for doubtful trade receivables of the Group is as follows:

Movements of provision for doubtful receivables	1 January-31 December 2013	1 January-31 December 2012
Openning balance	443.714	531.529
Charge for the period	5.886	40.624
Foreign currency translation effect	9.770	(777)
Collections	-	(127.662)
Closing balance	459.370	443.714

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

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

Details of Group's trade payables as of balance sheet date are as follow:

Kısa vadeli ticari borçlar	31 December 2013	31 December 2012
Trade payables	9.872.332	11.791.075
Notes payable	-	1.429.437
Expense accruals	327.660	204.355
Payables to related parties (Note 5)	108.143	419.910
	10.308.135	13.844.777

Average maturity days of payables for raw material is 90 days.

7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
Derivative financial assets	-	29.043
	-	29.043

	31 December 2013	31 December 2012
Derivative financial liabilities	-	41.982
	-	41.982

The Group does not have any derivative transaction as of 31 December 2013 (31 December 2012:The group's foreign exchange contracts are 900.000 British pounds in exchange for 1.425.600 USD and 600.000 British pounds in exchange for 745.187 Euro).

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

8. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2013	31 December 2012
Guarantees and deposits given	6.917	17.269
Receivables from personnel	29.592	26.940
	36.509	44.209

Other current payables	31 December 2013	31 December 2012
Other payables	24.109	58.251
	24.109	58.251

Other non current payables	31 December 2013	31 December 2012
Other payables to related parties (*)	5.873.000	-

(*) Other payables to related parties represent the funds lent by LGR International Societe Anonyme's to the Group for EUR 2.000.000. Since this transaction occurred on 31 December 2013, no interest accrued in current period.

9. INTENTORIES

	31 December 2013	31 December 2012
Raw materials	5.263.655	4.025.159
Finished goods	4.163.722	3.132.954
Trade goods	2.548	1.576
Provision for impairment of inventories (-)	(282.295)	(138.054)
	9.147.630	7.021.635

Inventories are valuated at their cost value, and provision is booked for inventories with impaired in value. Movements in provision for impairment on inventory during periods ending at 31 December 2013 and 30 December 2012 are as follow:

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

9. INTENTORIES (cont'd)

Movement of provision of impairment of inventory	1 January- 31 December 2013	1 January- 31 December 2012
Openning balance	(138.054)	(102.296)
Provisions released	138.054	102.296
Charge for the period	(282.295)	(138.054)
Closing balance	(282.295)	(138.054)

10. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 December 2013	31 December 2012
Advances given to purchase inventory	763.860	493.598
Prepaid expenses	274.470	189.672
Business advances	4.300	3.300
Prepaid tax and funds	20.943	7.678
	1.063.573	694.248

Long term prepaid expenses	31 December 2013	31 December 2012
Advances given to purchase fixed asset	-	1.140.200
	-	1.140.200

(*)The Group has made a advance payment amounted at TL 1.140.200 related with the purchase of machine in 2012.

Short term deferred income	31 December 2013	31 December 2012
Advances received	103.012	33.932
Deferred income	967.479	612.005
	1.070.491	645.937

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

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Infrastructure and land improvements	Buildings	Property, plant and equipment	Vehicles	Furniture and Fixtures	Construction in Progress	Leasehold improvements	Total
Cost Value									
Openning balance at 1 January 2013	4.965.000	9.528	15.935.036	37.665.756	52.091	7.171.700	991.875	-	66.790.986
Additions	-	-	-	12.251.646	-	1.069.463	1.352.917	1.433.278	16.107.304
Transfers	-	-	-	989.007	-	2.868	(991.875)	-	-
Disposals	-	-	(132.565)	(3.518.242)	-	(558.352)	-	-	(4.209.159)
Closing balance at 31 December 2013	4.965.000	9.528	15.802.471	47.388.167	52.091	7.685.679	1.352.917	1.433.278	78.689.131
Accumulated depreciation									
Openning balance at 1 January 2013	-	1.164	880.176	20.160.048	26.914	3.931.028	-	-	24.999.330
Charge for the period	-	635	371.556	3.774.087	10.418	831.134	-	137.311	5.125.141
Disposals	-	-	(132.565)	(3.356.023)	-	(540.242)	-	-	(4.028.830)
Closing balance at 31 December 2013	-	1.799	1.119.167	20.578.112	37.332	4.221.920	-	137.311	26.095.641
Net book value at 31 December 2013	4.965.000	7.729	14.683.304	26.810.055	14.759	3.463.759	1.352.917	1.295.967	52.593.490

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

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Infrastructure and land improvements	Buildings	Property, plant and equipment	Vehicles	Furniture and Fixtures	Construction in Progress	Total
Cost value								
Openning balance at 1 January 2012	4.965.000	9.528	15.727.088	38.822.645	123.237	5.085.100	92.608	64.825.206
Additions	-	-	166.736	1.299.249	-	2.080.563	991.875	4.538.423
Transfer	-	-	41.212	25.635	-	25.761	(92.608)	-
Disposals	-	-	-	(2.481.773)	(71.146)	(19.724)	-	(2.572.643)
Closing balance at 31 December 2012	4.965.000	9.528	15.935.036	37.665.756	52.091	7.171.700	991.875	66.790.986
Accumulated depreciation								
Openning balance at 1 January 2012	-	529	561.265	19.498.365	87.642	3.466.017	-	23.613.818
Charge for the period	-	635	318.911	3.132.275	10.418	484.041	-	3.946.280
Disposals	-	-	-	(2.470.592)	(71.146)	(19.030)	-	(2.560.768)
Closing balance at 31 December 2012	-	1.164	880.176	20.160.048	26.914	3.931.028	-	24.999.330
Net book value at 31 December 2012	4.965.000	8.364	15.054.860	17.505.708	25.177	3.240.672	991.875	41.791.656

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

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Useful lives of property, plant and equipment are as follow:

	Useful Life
Infrastructure and land improvements	10-50
Buildings	25-50
Property, plants and equipments	4-20
Vehicles	5
Furniture and fixtures	4-20
Leasehold improvements	5-9

Net book value of property, plants and equipments acquired by financial leases	31 December 2013	31 December 2012
Land	4.965.000	4.965.000
Buildings	14.245.214	14.548.303
Property, plants and equipments	14.841.559	11.975.741
	34.051.773	31.489.044

12. INTANGIBLE ASSETS

Cost value	Rights	Capitalized development expenses	Total
Openning balance at 1 January 2013	2.257.566	-	2.257.566
Additions	64.940	187.930	252.870
Closing balance at 31 December 2013	2.322.506	187.930	2.510.436
Accumulated amortization			
Openning balance at 1 January 2013	1.513.532	-	1.513.532
Charge for the period	189.940	15.968	205.908
Closing balance at 31 December 2013	1.703.472	15.968	1.719.440
Net book value at 31 December 2013	619.034	171.962	790.996

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

12. INTANGIBLE ASSETS (cont'd)

Cost value	Rights
Openning balance at 1 January 2012	2.009.454
Additions	248.112
Closing balance at 31 December 2012	2.257.566
Accumulated amortization	
Openning balance at 1 January 2012	1.358.802
Charge for the period	154.730
Closing balance at 31 December 2012	1.513.532
Net book value at 31 December 2012	744.034

Depreciation and amortization expense amounted at TL 4.527.654 (2012: TL 3.245.972) has been charged in "cost of goods sold", TL 239.183 (2012: TL 226.554) in unused capacity expense under cost of goods sold, TL 308.025 (2012: TL 308.025) in "marketing expenses" and TL 256.207 (2012: TL 267.910) in "administrative expenses". In year 2012 TL 26.670 has been charged in "research and development" costs (2013: None).

Useful lives of intangible assets are as follow:

	Useful Life
Rights	3-15
Capitalized development expenses	5

13. FINANCIAL LIABILITIES

Financial liabilities	31 December 2013	31 December 2012
Bank loans	34.372.704	11.090.179
Leasing payables	32.789.872	27.623.527
Factoring payables(*)	8.943.561	6.033.188
Other financial liabilities	729.175	-
	76.835.312	44.746.894

(*)Factoring payables are entirely composed of short-term financial payables.

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

13. FINANCIAL LIABILITIES (cont'd)

a) Bank Loans

	Weighted average effective	31 December 2013	
Currency	Interest Rate	Short Term	Long term
TL	%9,02	2.294.372	-
Euro	%2,99	19.936.930	12.141.402
		22.231.302	12.141.402

	Weighted average effective	31 December 2012	
Currency	Interest Rate	Short Term	Long term
TL	%8,20	2.235.794	-
USD	%2,80	194.303	-
Euro	%3,28	4.873.842	3.786.240
		7.303.939	3.786.240

Maturities of bank loans are as follow:

	31 December 2013	31 December 2012
Within 1 year	22.231.302	7.303.939
Within 1 - 2 years	3.762.264	2.163.566
Within 2 - 3 years	3.885.721	1.081.782
Within 3- 4 years	3.341.893	540.892
Within 4- 5 years	1.151.524	-
	34.372.704	11.090.179

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

13. FINANCIAL LIABILITIES (cont'd)

b) Details of finance lease payables are as follow:

	Minumum Lease Payments		Present Value of Minumum Lease Payments	
Financial lease payables	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Within one year	8.875.473	5.722.369	7.042.779	4.163.395
In the two to ten years	30.575.580	28.521.498	25.747.093	23.460.132
	39.451.053	34.243.867	32.789.872	27.623.527
Less:future finance charges	(6.661.181)	(6.620.340)		
Present value of financial lease payables	32.789.872	27.623.527		
Less: Amounts due to settlement within twelve months (disclosed in current liabilities)			(7.042.779)	(4.163.395)
Amounts due for settlement after 12 months			25.747.093	23.460.132

Finance leases relate to manufacturing equipment with lease term of 10 years and other machine and equipment with lease term of 5 years. The group has options to purchase the equipment with lease term of 10 years and machine with lease term of 5 years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

As of the balance sheet date, carrying value of fixed assets acquired through finance lease is TL 34.051.773 as of the balance sheet date (31 December 2012: TL 31.489.044)

c) Other financial liabilities

Other financial liabilities	31 December 2013	31 December 2012
Credit card payables (*)	729.175	-
	729.175	-

(*)Represents the credit card liabilities of Group to suppliers to purchase raw material and consumables

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions	31 December 2013	31 December 2012
Provision for lawsuits	-	50.000
Provision for royalties	29.917	-
	29.917	50.000

Movement of royalty and lawsuit provision is as follows:

	Royalty provision	Lawsuit provision
Provision at 1 January 2013	-	50.000
Additions	29.917	-
Payments	-	(42.334)
Cancelled provision	-	(7.666)
Provision at 31 December 2013	29.917	-

	Royalty provision	Lawsuit provision
Provision at 1 January 2012	42.744	-
Additions	-	50.000
Payments	(42.744)	-
Provision at 31 December 2012	-	50.000

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given

GPM Given by Company

31 December 2013	TL Equalivant	US Dollars	Euro	TL
A. Total amount of GPM given by Group in behalf of Entity	19.109.350	-	5.900.000	1.784.000
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given				
i. Total amount of GPM given in behalf of parent company	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-
iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	-	-
Total	19.109.350	-	5.900.000	1.784.000

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given (cont'd)

GPM Given by Company

31 December 2012	TL Equalivant	US Dollars	Euro	TL
A. Total amount of GPM given by Group in behalf of Entity	8.671.619	131.000	1.655.000	4.546.034
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given				
i. Total amount of GPM given in behalf of parent company	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-
iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	-	-
Total	8.671.619	131.000	1.655.000	4.546.034

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given (cont'd)

Rate of other GPM's given by Group to owner's equity is %0 (31 December 2012: %0)

b) Litigations

As of 31 December 2013 there is not any litigation against the group. (31 December 2012: 50.000 TL).

The amount of enforcement filed by the Group is TL 36.588 the Group has recorded full amount of doubtful provision in the accompanying consolidated financial statements (31 December 2012: 54.920 TL).

15. EMPLOYEE BENEFITS

Short-term payables for employee benefits:

	31 December 2013	31 December 2012
Payables to personnel	553.131	408.305
Social security contribition payable	272.228	246.427
	825.359	654.732

Short-term provisions for employee benefits:

	31 December 2013	31 December 2012
Unused vacation accruals	127.061	87.037
Bonus provisions	-	22.000
	127.061	109.037

Long term provisions for employee benefits

Provision for retirement pay liability:

Under Turkish Labor Law, the Group is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who are retired by gaining right to receive retirement pay provisions according to the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of 23 May 2002. The amount payable to the employee consists of one month worth salary limited to a maximum of TL 3.438,22 for each year of service at 31 December 2013 (2012: TL 3.129,25).

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

15. EMPLOYEE BENEFITS (cont'd)

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,78% real discount rate (31 December 2012: 3,57%) calculated by using 6,21% annual inflation rate and 10,22% discount rate. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 3.438,22 which is in effect since 1 January 2014 is used in the calculation of Group's provision for retirement pay liability.

As of 31 December 2013 2,57% of the employees leave the job with their own desires. (2012:5%).

Movement of retirement pay provision is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Provision at 1 January	1.109.159	778.289
Service cost	525.658	385.213
Interest cost	39.821	27.785
Retirement pay provision paid	(341.833)	(198.222)
Actuarial losss	269.880	116.094
Provision at 31 December	1.602.685	1.109.159

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

If the discount rate had been 1% higher, provision for employee termination benefits would decrease by TL 113.103. In the same way if the discount rate had been 1% lower, provision for employee termination benefits would increase by TL 197.007.

If the anticipated turnover rate had been 1% lower while all other variables were held constant, provision for employee termination benefits would decrease by TL 122.948. In the same way if the anticipated turnover rate had been 1%higher while all other variables were hed constant, provision for employee termination benefits would increase by 205.772

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

16. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2013	31 December 2012
Advances given	-	-
VAT return receivables	930.376	725.149
Restricted cash (*)	240.059	57.699
Advances given to personnel	-	9.107
	1.170.435	791.955

(*) Because of the nature of the loans borrowed, 1,5% of the loan amount is blocked in a deposit account on behalf of the entity till the due date of the loan.

Other Current Liabilities

	31 December 2013	31 December 2012
Taxes and funds payable	426.816	326.647
	426.816	326.647

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2013 and 2012 the share capital held is as follows:

Shareholders	%	31 December 2013	%	31 December 2012
LGR Internatıonal Societe Anonyme	27,58%	4.570.841	-	-
Dikran Mihran Acemyan	9,70%	1.607.936	9,08'%	1.504.248
İbrahim Okan Duran	8,92%	1.478.793	8,92%	1.478.792
Oktay Duran	8,30%	1.376.296	8,30%	1.376.296
Dikran Acemyan	5,00%	828.984	4,70%	778.984
Diğer	40,50%	6.712.938	45,37%	7.519.250
Yıldız Holding A.Ş.	-	-	23,63%	3.918.218
	100,00%	16.575.788	100,00%	16.575.788

The total number of ordinary shares authorized is 1.657.578.750 shares (31 December 2012: 1.657.578.750) with a par value of Kr 1 per share (31 December 2012: Kr 1 per share).

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

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

b) Restricted Reserves Appropriated from Profit

	31 December 2013	31 December 2012
Legal Reserves	325.455	16.793
	325.455	16.793

18. REVENUE AND COST OF SALES

a) Sales	1 January-31 December 2013	1 January-31 December 2012
Domestic sales	39.359.336	42.754.098
Foreign sales	46.169.210	46.065.052
Sales returns (-)	(1.584.678)	(791.104)
Sales discounts (-)	(5.078)	(5.645)
Other income	1.285	-
	83.940.075	88.022.401

b) Cost of sales	1 January-31 December 2013	1 January-31 December 2012
Raw materials used	44.946.132	44.372.738
Overhead expenses	9.759.964	8.575.199
Personnel expenses	9.030.626	7.374.983
Depreciation and amortization expenses	4.527.634	3.245.972
Change in finished goods	(1.030.768)	734.739
Cost of goods sold	67.233.588	64.303.631
Cost of merchandises sold(-)	1.576.996	769.338
Cost of other sales(-)	1.455.440	1.025.255
Idle capacity expenses	239.183	226.554
	70.505.207	66.324.778

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

19. ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESERCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2013		1 January- 31 December 2012
General administrative expenses	6.493.778	-	5.552.757
Marketing expenses	6.716.457	-	7.842.619
Research and development expenses	-		211.281
	13.210.235		13.606.657

a) Details of General Administrative Expenses

	1 January- 31 December 2013		1 January- 31 December 2012
Personnel expenses	4.392.117	-	3.248.023
Financial and legal consulting expenses	394.567	-	479.387
IT Services received	227.486	-	392.877
Motor vehicle expenses	355.836	-	281.038
Depreciation and amortization expenses	256.207	-	267.910
Travelling expenses	144.915	-	136.522
Accomodation expenses	119.767	-	93.517
Services received from subcontractors	37.260	-	69.122
Legal and notary expenses	50.713	-	42.786
Communication and transportation expenses	53.656	-	44.347
Subscription expenses	50.313	-	21.306
Training expenses	4.677	-	10.572
Other expenses	406.264	-	465.350
	6.493.778		5.552.757

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

19. ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESERCH AND DEVELOPMENT EXPENSES (cont'd)

b) Details of marketing expenses

	1 January- 31 December 2013		1 January- 31 December 2012
Foreign transportation expenses	3.202.563	-	3.835.770
Personnel expenses	1.095.176	-	1.083.479
Domestic transportation expenses	783.961	-	918.106
Depreciation and amortization expenses	308.025	-	333.901
Cost of samples used	62.133	-	166.509
Motor vehicle expenses	325.042	-	291.507
Export commission expenses	275.256	-	6.565
Royalty expenses	104.347	-	115.080
Travelling expenses	114.676	-	143.418
Communication and transportation expenses	79.029	-	98.874
Accomodation expenses	151.625	-	266.278
Services received from subcontractors	6.431	-	13.421
Training expenses	510	-	3.822
Other expenses	207.683	-	565.889
	6.716.457		7.842.619

c) Details of research and development expenses

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	-	66.350
Depreciation and amortizaton expenses	-	26.670
Consultancy expenses	-	22.231
Raw material expenses	-	90.471
Other expenses	-	5.559
	-	211.281

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

20. EXPENSES BY NATURE

	1 January- 31 December 2013	1 January- 31 December 2013
Personnel expenses	5.487.293	4.397.852
Foreign transportation expenses	3.202.563	3.835.770
Domestic transportation expenses	783.961	918.106
Vehicles expenses	680.878	572.545
Depreciation and amortization expenses	564.232	628.481
Financial and legal consulting expenses	394.567	479.387
Export commission expenses	275.256	6.565
Accomodation expenses	271.392	359.795
Subscription expenses	50.313	21.306
Travelling expenses	259.591	279.940
IT Services received	227.486	392.877
Communication and transportation expenses	132.685	143.221
Royalty expenses	104.347	115.080
Cost of samples used	62.133	166.509
Legal and notary expenses	50.713	42.786
Services received from subcontractors	43.691	82.543
Other expenses	619.134	1.163.894
	13.210.235	13.606.657

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2013 and 2012 are as follow:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange gains from operations	15.414.595	17.982.240
Late charges and interest income	797.384	1.916.675
Interest income from time deposits	133.192	60.649
Reversal of provisions	85.950	127.662
Other income	930.814	-
	17.361.935	20.087.226

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

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

The details of other expenses from operating activities for the years ended 31 December 2013 and 2012 are as follow:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange losses from operations	12.122.667	17.290.580
Late charges and interest expense	640.961	931.112
Provision for doubtful receivables	(5.886)	40.624
Other expenses	140.447	471.333
	12.898.189	18.733.649

22. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of other income from investing activities for the years ended 31 December 2013 and 2012 are as follow:

Income from investing activities	1 January - 31 December 2013	1 January - 31 December 2012
Gain on disposal of property, plant and equipment	819.029	385.977
	819.029	385.977

The details of other expenses from investing activities for the years ended 31 December 2013 and 2012 are as follow:

Expenses from investing activities	1 January - 31 December 2013	1 January - 31 December 2012
Loss from disposal of property, plant and equipment	48.144	160.166
	48.144	160.166

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

23. FINANCIAL INCOME AND EXPENSES

a) Financial expenses

	1 January- 31 December 2013	1 January- 31 December 2012
Interest expenses	3.049.757	2.971.471
Foreign exchange expenses (net)	11.862.651	-
Other finance expenses	479.538	791.987
	15.391.946	3.763.458

b) Financial income

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange income (net)	-	2.065.793
Other	-	130.172
	-	2.195.965

24. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2013	31 December 2012
Current tax liability		
Current corporate tax provision	73.861	154.801
Less: prepaid taxes and fuds	(54.781)	(17.474)
	19.080	137.327

Tax expense consists of below:	1 January- 31 December 2013	1 January- 31 December 2012
Current tax expense	73.861	154.801
Deferred tax (income)/ expense	(2.016.450)	1.101.485
	(1.942.589)	1.256.286

24. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

The effective tax rate in 2013 is 20% (2012: 20%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2013 is 20%. (2012: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

24. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Investment Incentives

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No: 193 with the effect of Article 5 of Law No: 6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Investment incentives that the Company can offset from profit is TL 1.296.791 (31December 2012: TL 1.395.715), and all amount of this balance is considered in deferred tax calculation. The all amount refers to the investment incentive exemption (31 December 2012: All with exemptions. In case the investment incentive exemption is utilized the tax liability rate of 19, 8 % will be applied. Therefore, 0,2 % (20%-19,8%) deferred tax calculated on investment incentives exemption. 20 % deferred tax calculated on the investment incentives with no exemption.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% is used (31 December 2012: 20%).

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

24. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Temporary timing differences taken as a basis for deferred tax	31 December 2013	31 December 2012
- Investment incentive- witholdings(*)	1.296.791	1.395.715
- Depreciation and amortization differences of property, plants and equipments	1.547.249	1.985.135
- Provisions for employment termination benefits	1.602.685	1.109.159
-Discount expenes	109.279	60.625
- Unused vacation pay accruals	127.061	87.029
- Discount income	(119.342)	(151.920)
- Accumulated tax losses	9.560.511	-
- Other	718.223	102.515
	14.842.457	4.588.258

Deferred tax (assets)/liabilities	31 December 2013	31 December 2012
- Investment incentive- witholdings(*)	2.594	2.791
- Depreciation and amortization differences of property, plants and equipments	309.450	397.027
- Provisions for employment termination benefits	320.537	221.832
-Discount expenes	21.856	12.127
- Unused vacation pay accruals	25.412	17.406
- Discount income	(23.868)	(30.384)
- Accumulated tax losses	1.912.102	-
- Other	143.645	20.503
	2.711.728	641.302

(*) In case of using withholding tax investment incentive there will be 19,8% taxation, therefore, deffered tax effect of this item is 0,2%.

At the balance sheet date, the Group has unused tax losses of TL 9.560.511available for offset against future profits. A deferred tax asset has been recognized in respect of TL 1.912.102 of such losses (31 December 2012: None)

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

24. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Movement of deferred tax assets	1 January- 31 December 2013	1 January- 31 December 2012
Openning balance at 1 January	641.302	1.719.568
Charged to statement of profit and loss	2.016.450	(1.101.485)
Charged to equity	53.976	23.219
Closing balance as at 31 December	2.711.728	641.302

Reconciliation of tax expense with profit for the period is as follows

Reconcilation of taxation:	1 January- 31 December 2013	1 January- 31 December 2012
Profit / (loss) before taxation	(9.932.682)	8.102.861
Income tax rate 20% (2012: 20:%)	1.986.536	(1.620.572)
Tax effects of:		
- non deductible expenses	(47.533)	(36.157)
- research and development concessions	-	41.384
- adjustments not recognized as deferred tax assets	-	(17.909)
- other	3.586	376.968
Tax provision income/(loss) in statement of profit and loss	1.942.589	(1.256.286)

25. EARNINGS / (LOSSES) PER SHARE

As of 31 December 2013 and 31December 2012, the Group's weighted average number of shares and computation of earnings per share set out here are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Average number of ordinary shares outstanding during the period	1.657.578.750	1.657.578.750
Net (loss)/ profit for the period attributable to owners of the group	(7.990.319)	6.846.425
Earnings / (loss) per share	(0,0048)	0,0041

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 13, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent disclosed in Note 17, comprising share capital, reserves and accumulated losses.

The Group follows the capital by using debt/total capital ratio. This ratio is calculated by dividing net debt to total capital. Net debt is calculated by subtraction of cash and cash equivalents from liabilities amount (includes financial liabilities and obligations as indicated in balance sheet). Total capital is calculated as sum of shareholder's equity and net liabilities.

As of 31December 2013 and 31 December 2012 net debt/total capital ratio is presented below:

	31 December 2013	31 December 2012
Total borrowings	34.372.704	11.090.179
Less (-): Cash and cash equivalents	(17.317.763)	(7.675.538)
Net Liability	17.054.941	3.414.641
Total shareholders equity	13.068.742	21.274.965
Total shareholders equity	30.123.683	24.689.606
Net liability / total capital ratio	56,62%	13,83%

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. The Group management and the Board of Directors analyse and approve the policies about the management of the risks described below. Besides, the Group also considers the market value risk of all financial instruments.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management

Credit risk of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
31 December 2013	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits
Maximum credit risk as of balance sheet date (*)	-	25.259.538	-	36.509	17.308.042
- The part of maximum risk under guarantee with colleteral, etc.	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	23.798.156	-	36.509	17.308.042
B. Carrying value of financial assets that are renogiated, if not that will be accepted as part due nor impaired.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not	-	1.461.382	-	-	-
- the part under guarantee with collateral, etc.	-	-	-	-	-
D. Carried value of impaired assets					
- Past due (gross carrying amount)	-	459.370	-	-	-
- Impairment	-	(459.370)	-	-	-
- The part of net value under guarantee with colleteral etc.	-	-	-	-	-
- Not pass due (gross carrying amount)	-	-	-	-	-
E. Offbalance sheet items with credit risk	-	-	-	-	-

(*)The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management (cont'd)

Credit risk of financial instruments	**Receivables**				
	Trade Receivables		**Other Receivables**		
31 Aralık 2012	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk as of balance sheet date (*)	2.995.729	19.209.139	-	44.209	7.626.968
- The part of maximum risk under guarantee with colleteral, etc.	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	2.995.729	15.835.759	-	44.209	7.626.968
B. Carrying value of financial assets that are renogiated, if not that will be accepted as part due nor impaired.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not	-	3.373.380	-	-	-
- the part under guarantee with collateral, etc.	-	-	-	-	-
D. Carried value of impaired assets					
- Past due (gross carrying amount)	-	443.714	-	-	-
- Impairment	-	(443.714)	-	-	-
- The part of net value under guarantee with colleteral etc.	-	-	-	-	-
- Not pass due (gross carrying amount)	-	-	-	-	-
E. Offbalance sheet items with credit risk	-	-	-	-	-

(*)The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management (cont'd)

Aging of over due receivables

Trade Receivables	**31 December 2013**	**31 December 2012**
Overdue 1- 30 days	1.336.323	2.482.697
Overdue 1- 3 months	116.791	757.190
Overdue 3- 12 months	8.268	133.493
Overdue 1- 5 years	-	-
Total overdue recaivables	1.461.382	3.373.380

b.2) Liquidity risk management

Essential responsibility on liquidity risk management belongs to board of directors. Board of directors has created a liquidity risk management for the purposes of short, medium and long term funding and liquidity requirements of Group. Group manages the liquidity risk to follow estimated and actual cash flows and to provide continuance to funding to compensate the maturities of financial assets and liabilities. The credits that the Group will use in order to reduce liquidity risk as of balance sheet are disclosed in Note 13

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2013 **Maturities per contract**	**Carrying amount**	**Total cash outflow in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial instruments						
Bank loans and factoring paybles	43.316.265	44.976.352	24.497.753	5.734.560	14.744.039	-
Obligation under finance leases	32.789.872	39.491.871	2.410.641	6.480.022	20.220.660	10.380.548
Trade payables	10.308.135	10.528.870	8.361.139	2.167.731	-	-
Other payables	5.897.109	5.897.109	24.109	-	5.873.000	-
Total liabilities	94.041.127	100.894.202	35.293.642	14.382.313	40.837.699	10.380.548

31 December 2012 **Maturities per contract**	**Carrying amount**	**Total cash outflow in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial instruments						
Bank loans and factoring paybles	17.123.367	17.360.327	11.509.178	1.877.873	3.405.666	567.611
Obligation under finance leases	27.623.527	34.243.867	1.396.644	4.325.676	16.642.875	11.878.672
Trade payables	13.640.422	13.792.342	11.829.074	1.963.268	-	-
Other payables	631.334	631.334	631.334	-	-	-
Total liabilities	59.018.650	66.027.870	25.366.230	8.166.817	20.048.541	12.446.283

Groups expects the maturities to be the same with the maturities in the agreement.

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market Risk Management

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

Market risk exposures are supplemented by sensitivity analysis.

In current period the group's method of handling market risks and measure the risk level has not been changed.

b.3.1) Foreign currency risk management (cont'd)

Transactions denominated in foreign currencies result in foreign currency risk. Foreign currency risk is managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2013	**TL Equavilant**	**US Dollar**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	14.262.956	393.250	779.784	3.170.760	-
2a. Monetary financial assets	16.764.460	147.936	5.343.159	216.021	-
3. Other	-	-	-	-	-
4. CURRENT ASSETS	31.027.416	541.186	6.122.943	3.386.780	-
5. Other	105.575	-	35.953	-	-
6. NON - CURRENT ASSETS	105.575	-	35.953	-	-
7. TOTAL ASSETS	31.132.991	541.186	6.158.896	3.386.780	-
8. Trade payables	950.776	78.529	248.909	14.880	-
9. Financial liabilities	18.352.191	-	6.249.682	-	-
10a. Other monetary liabilities	99.053	-	33.732	-	-
10b. Other non-monetary liabilities	75.938	35.580	-	-	-
11. CURRENT LIABILITIES	19.477.958	114.109	6.532.322	14.880	-
12. Financial liabilities	46.582.329	11.871.754	7.234.614	-	-
13. NON-CURRENT LIABILITIES	46.582.329	11.871.754	7.234.614	-	-
14. TOTAL LIABILITIES	66.060.287	11.985.863	13.766.936	14.880	-
15. TOTAL LIABILITIES	66.060.287	11.985.863	13.766.936	14.880	-
16. Net foreign currency asset/(liabilities) position (7-15)	(34.927.296)	(11.444.677)	(7.608.041)	3.371.900	-
17. Monetary items net foreign currency assets/liabilities position (1+2a-8-9-12)	(34.857.880)	(11.409.097)	(7.610.262)	3.371.900	-

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2012	**TL Equivalent**	**US Dollar**	**EURO**	**GBP**	**CHF**
1. Trade Receivables	15.705.180	421.604	944.651	4.435.033	-
2a. Monetary Financial assets	3.842.516	116.379	1.517.403	23.193	-
2b. Non Monetary Financial assets	174.030	26.781	50.676	2.479	-
4. CURRENT ASSETS	19.721.726	564.764	2.512.730	4.460.705	-
7. Other	1.081.782	-	460.000	-	-
8. NON - CURRENT ASSETS	1.081.782	-	460.000	-	-
9. TOTAL ASSETS	20.803.508	564.764	2.972.730	4.460.705	-
10. Trade payables	4.264.720	182.444	1.649.335	18.794	3.500
11. Financial liabilities	11.414.889	1.463.695	3.744.400	-	
13. CURRENT LIABILITIES	15.679.609	1.646.139	5.393.735	18.794	3.500
15. Financial Liabilities	27.246.370	11.832.189	2.616.962	-	-
17. NON - CURRENT LIABILITIES	27.246.370	11.832.189	2.616.962	-	-
18. TOTAL LIABILITIES	42.925.979	13.478.328	8.010.697	18.794	3.500
19. Net asset/liability position of off-balance sheet derivatives (19a-19b)	(12.469)	1.425.600	745.187	(1.500.000)	-
19.a Off-balance sheet foreign currency derivative assets	4.293.731	1.425.600	745.187	-	-
19b. Off balance sheet foreign currency derivative liabilities	4.306.200	-	-	1.500.000	-
20. Net foreign currency assets/(liabilities) position (9-18+19)	(22.134.940)	(11.487.964)	(4.292.780)	2.941.911	(3.500)
21. Monetary Items net foreign currency assets/(liabilities) position (1+2a-10-11-15)	(23.378.283)	(12.940.345)	(5.548.643)	4.439.432	-

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) ***Foreign currency risk management (cont'd)***

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar, EURO and British Pounds.

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar EURO and British Pounds against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) ***Foreign currency risk management (cont'd)***

Foreign currency sensitivity analysis (cont'd)

	31 December 2013 Profit/Loss	
	Revaluation of foreign currency	Devaluation of foreign currency
	If US Dollar appreciated against TL by 10%	
1 - US Dollars net assets / liabilities	(2.435.044)	2.435.044
2- Part of hedged from US Dollar risk (-)	-	-
3- USD net effect (1 +2)	(2.435.044)	2.435.044
	IF Euro appreciated against TL by 10%	
4 - Euro net assets / liabilities	(2.234.753)	2.234.753
5 - Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(2.234.753)	2.234.753
	If Sterling appreciated against TL by 10%	
7- Sterling net assets / liabilities	1.184.009	(1.184.009)
8- Part of hedged from Sterling risk (-)	-	-
9- Sterling net effect (7+8)	1.184.009	(1.184.009)
Total (3+6+9)	(3.485.788)	3.485.788

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) *Foreign currency risk management (cont'd)*

Foreign currency sensitivity analysis (cont'd)

	31 December 2012 Profit/Loss	
	Revaluation of foreign currency	Devaluation of foreign currency
	If US Dollar appreciated against TL by 10%	
1 - US Dollars net assets / liabilities	(2.306.746)	2.306.746
2- Part of hedged from US Dollar risk (-)	-	-
3- USD net effect (1 +2)	(2.306.746)	2.306.746
	IF Euro appreciated against TL by 10%	
4 - Euro net assets / liabilities	(1.304.874)	1.304.874
5 - Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(1.304.874)	1.304.874
	If Sterling appreciated against TL by 10%	
7- Sterling net assets / liabilities	1.274.472	(1.274.472)
8- Part of hedged from Sterling risk (-)	-	-
9- Sterling net effect (7+8)	1.274.472	(1.274.472)
Total (3+6+9)	(2.337.148)	2.337.148

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.2) Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Strategies are assessed regularly in accordance with interest rate expectations and defined risk levels.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. Group management expects 1% fluctuation on interest rates (Euribor). 1% increase or decrease is used when reporting interest rate risk internally to key management personnel.

If Eurolibor rates had been 1% higher and all other variables were held constant:

The Group's profit for the year ended 31 December 2013 would decrease by TL 20.700 (Net profit of 31 December 2012 would decrease by TL 48.680). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. If Eurolibor rates had been 1 basis points lower, the Group's net profit before tax would increase by the same amount during the accounting year.

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

27. FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values

31 December2013	Loans and receivables (including cash and cash equivalents	Financial liabilities at amortized costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	17.317.763	-	17.317.763	4
Trade receivables	25.271.753	-	25.271.753	6
Other receivables	143.637	-	143.637	8
Financial liabilities				
Borrowings	-	76.835.312	76.835.312	13
Trade payables	-	10.308.135	10.308.135	6
Other payables	-	5.897.109	5.897.109	8

31 December 2012	Loans and receivables (including cash and cash equivalents	Financial liabilities at amortized costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	7.675.538	-	7.675.538	4
Trade receivables	22.287.732	-	22.287.732	6
Other receivables	182.437	-	182.437	8
Financial liabilities				
Borrowings	-	44.746.894	44.746.894	13
Trade payables	-	13.220.512	13.220.512	6
Other payables	-	58.251	58.251	8

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

27. FINANCIAL INSTRUMENTS (cont'd)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices.

As of 31 December 2013 there are not any financial instruments with fair value. As of 31 December 2012 the fair value of the financial assets and liabilities classification level is as follows:

		Level of fair value amounts as of reporting date		
	31 December	Level 1	Level 2	Level 3
Financial assets	2012	TL	TL	TL
Derivative financial liabilities	29.043	-	29.043	-
	29.043	-	29.043	-

28. EVENTS AFTER THE BALANCE SHEET DATE

LGR International Societe Anonyme, one of the Company's shareholders, has purchased 161.633 number of Company's shares with an average price of 2,18. With this transaction, LGR Internationsal Societe Anonyme's shares in the Company's share capital/voting rights has increased to 28.55%.