İZOCAM TİCARET VE SANAYİ A.Ş.

FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014 AND INDEPENDENT AUDITOR REPORT

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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Güney Bağımsız Denetim ve SMMM AŞ
Eski Büyükdere Cad.
Orjin Maslak No:27
Maslak, Sarıyer 34398
İstanbul - Turkey

Tel : +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com
Ticaret Sicil No: 479920-427502

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of
İzocam Ticaret ve Sanayi Anonim Şirketi;

We have audited the accompanying statement of financial position of İzocam Ticaret ve Sanayi Anonim Şirketi ("the Company"), as at 31 December 2014 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

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

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

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

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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of İzocam Ticaret ve Sanayi Anonim Şirketi as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor's responsibilities arising from other regulatory requirements

1) Auditors report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 378 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on 10 February 2015.

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

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

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

Ethem Kutucular, SMMM
Partner

Istanbul, 10 February 2015

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.
Other currencies other than TL are expressed in full unless otherwise stated.)

	Note	Audited Current period December 31, 2014	Audited Restated (*) Prior Period December 31, 2013
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	38.840.818	6.737.578
Trade Receivables	7	95.509.532	87.067.118
Due From Related Parties	*4*	*578.256*	*414.145*
Due From Third Parties		*94.931.276*	*86.652.973*
Inventories	9	25.002.369	23.230.162
Prepaid Expenses	16	704.391	1.454.616
Other Current Assets	18	2.629.762	1.587.066
SUBTOTAL		**162.686.872**	**120.076.540**
Assets Classified As Held for Sale	10	-	1.995.421
TOTAL CURRENT ASSETS		**162.686.872**	**122.071.961**
Non-Current Assets			
Other Receivables	8	94.507	17.241
Due From Third Parties		*94.507*	*17.241*
Property, Plant and Equipment	11	89.521.397	92.816.398
Intangible Assets	12	43.963	69.226
Other Intangible Assets		*43.963*	*69.226*
Prepaid Expenses	16	83.090	42.462
Other Non-Current Assets	18	14.597	13.896
TOTAL NON-CURRENT ASSETS		**89.757.554**	**92.959.223**
TOTAL ASSETS		**252.444.426**	**215.031.184**
LIABILITIES			
Current Liabilities			
Financial Liabilities	6	16.870.466	22.022.085
Trade Payables	7	23.501.584	23.208.306
Due To Related Parties	*4*	*382.628*	*322.247*
Third Party Payables		*23.118.956*	*22.886.059*
Employee Benefit Obligations	15	2.671.009	2.167.929
Other Payables	8	14.010	5.540
Third Party Payables		*14.010*	*5.540*
Deferred Income	17	7.721.212	4.910.216
Current Tax Liability	27	1.328.736	1.800.812
Short Term Provisions		2.779.379	2.270.893
Provision For Short Term Employee Benefits	*13*	*2.654.733*	*2.171.102*
Other Short-Term Provisions	*13*	*124.646*	*99.791*
Other Current Liabilities	18	1.772.134	1.171.288
TOTAL CURRENT LIABILITIES		**56.658.532**	**57.557.069**
Non-Current Liabilities			
Long Term Provisions	13	9.241.046	8.560.523
Provision For Long Term Employee Benefits		*9.241.046*	*8.560.523*
Deferred Tax Liabilities	27	734.774	633.355
TOTAL NON-CURRENT LIABILITIES		**9.975.820**	**9.193.878**
EQUITY			
Paid-in Capital	19	24.534.143	24.534.143
Adjustment on Capital	19	25.856.460	25.856.460
Share Premiums	19	1.092	1.092
Other Comprehensive Income / Expense Not to be Reclassified to Profit or Losses			
Revaluation and Remeasurement Profit /(Losses)		*(3.311.111)*	*(3.346.848)*
Restricted Reserves On Retained Earnings	19	35.730.705	32.510.225
Retained Earnings		35.293.660	41.705.860
Net Profit For The Period		67.705.125	27.019.305
TOTAL EQUITY		**185.810.074**	**148.280.237**
TOTAL LIABILITIES AND EQUITY		**252.444.426**	**215.031.184**

(*) See note 2.2 for the effect of restatement..

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.
Other currencies other than TL are expressed in full unless otherwise stated.)

	Note	Audited Current period January 1 - December 31, 2014	Audited Prior Period January 1 - December 31, 2013
Revenues	20	362.921.190	339.116.356
Cost of Sales (-)	20	(276.517.358)	(256.270.142)
GROSS PROFIT		**86.403.832**	**82.846.214**
Marketing, Sales And Distribution Expenses (-)	21	(37.784.393)	(38.264.784)
Administrative Expenses (-)	22	(13.263.144)	(12.494.661)
Other Operating Income	24	8.205.199	5.037.926
Other Operating Expense (-)	24	(1.012.613)	(338.854)
OPERATING PROFIT		**42.548.881**	**36.785.841**
Income From Investment Activities	25	42.913.655	448.509
Expense From Investment Activities (-)	25	-	(52.653)
OPERATING PROFIT BEFORE FINANCE COSTS		**85.462.536**	**37.181.697**
Finance Income	26	1.428.168	38.426
Finance Costs (-)	26	(2.225.615)	(3.233.223)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**84.665.089**	**33.986.900**
Tax Income/(Expense) From Continuing Operations		**(16.959.964)**	**(6.967.595)**
Current Tax Income/(Expense)	*27*	*(16.867.479)*	*(6.527.015)*
Deferred Tax Income/(Expense)	*27*	*(92.485)*	*(440.580)*
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**67.705.125**	**27.019.305**
NET PROFIT FOR THE PERIOD		**67.705.125**	**27.019.305**
Earnings Per Share	**28**	**0,027**	**0,011**
Earnings Per Share From Continuing Operations			
Diluted Earnings Per Share		0,027	0,011
Diluted Earnings Per Share From Continuing Operations			
OTHER COMPREHENSIVE INCOME			
Items Not to Be Classified To Profit Or Loss			
Remeasurement Of Defined Benefit Plans	*13*	*44.671*	*(646.769)*
Deferred Tax Effect Of Remeasurement Of Defined Benefit	*27*	*(8.934)*	*129.353*
OTHER COMPREHENSIVE INCOME		**35.737**	**(517.416)**
TOTAL COMPREHENSIVE INCOME		**67.740.862**	**26.501.889**

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.)

					Items not to be reclassified to profit or loss		Retained Earnings		
	Note	Paid-in Capital	Adjustment on Capital	Share premiums	Revaluation and remeasurement gains/(losses)	Restricted Reserves	Retained earnings	Net profit for period	Total Equity
January 1, 2013		**24.534.143**	**25.856.460**	**1.092**	**(2.829.432)**	**29.982.894**	**44.991.406**	**25.741.785**	**148.278.348**
Transfers		-	-	-	-	2.527.331	23.214.454	(25.741.785)	-
Dividends		-	-	-	-	-	(26.500.000)	-	(26.500.000)
Total comprehensive income		-	-	-	**(517.416)**	-	-	**27.019.305**	**26.501.889**
Other comprehensive income		-	-	-	*(517.416)*	-	-	-	*(517.416)*
Net Profit for the period		-	-	-	-	-	-	*27.019.305*	*27.019.305*
December 31, 2013		**24.534.143**	**25.856.460**	**1.092**	**(3.346.848)**	**32.510.225**	**41.705.860**	**27.019.305**	**148.280.237**
January 1, 2014		**24.534.143**	**25.856.460**	**1.092**	**(3.346.848)**	**32.510.225**	**41.705.860**	**27.019.305**	**148.280.237**
Transfers		-	-	-	-	3.220.480	23.798.825	(27.019.305)	-
Dividends	19	-	-	-	-	-	(30.211.025)	-	(30.211.025)
Total comprehensive income		-	-	-	**35.737**	-	-	**67.705.125**	**67.740.862**
Other comprehensive income		-	-	-	*35.737*	-	-	-	*35.737*
Net Profit for the period		-	-	-	-	-	-	*67.705.125*	*67.705.125*
December 31, 2014		**24.534.143**	**25.856.460**	**1.092**	**(3.311.111)**	**35.730.705**	**35.293.660**	**67.705.125**	**185.810.074**

İZOCAM TICARET VE SANAYI ANONIM ŞIRKETI

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amount expressed in TL unless otherwise stated.
Other currencies other than TL are expressed in full unless otherwise stated.)

	Note	Audited Current Period January 1 – December 31, 2014	Audited Prior Period January 1 – December 31, 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		**31.007.386**	**32.703.927**
Net Profit		67.705.125	27.019.305
Adjustments for reconciliation of profit for the period		**(11.242.321)**	**21.450.556**
- Adjustment for depreciation and amortization	23	11.278.688	11.268.074
- Adjustment for provision for employee termination benefits	13	569.293	503.197
- Adjustment for provision for unused vacation pay liability	13	197.018	724.847
- Adjustment for provision of doubtful receivables, net	7	598.367	93.106
- Adjustment for provisions	13	6.990.023	5.045.576
- Adjustment for interest and foreign exchange expense		2.244.644	3.233.223
- Adjustment for interest and foreign exchange income		(7.687.832)	(3.438.616)
- Adjustment for increase on blockage accounts	5	521.169	(2.550.590)
- Adjustment for tax expense		16.959.964	6.967.595
- Adjustment for (gains)/losses on sale of property, plant and equipment, net	25	(42.913.655)	(395.856)
Changes in working capital		**(25.455.418)**	**(15.765.934)**
- Adjustment for increase on stocks		(557.749)	(837.962)
- Adjustment for increase on trade receivables		(2.810.146)	(4.885.831)
- Adjustment for increase/(decrease) on trade payables		293.278	(500.223)
- Adjustment for increase on prepaid expenses		709.597	3.262.381
- Adjustment for other (increase)/decrease in working capital		1.392.399	506.492
Tax payments		(17.339.555)	(6.647.152)
Provisions paid	13	(6.481.537)	(5.223.235)
Employee severance indemnity paid	13	(661.705)	(1.440.404)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**37.156.527**	**(14.785.689)**
Cash outflows from the purchase of property, plant and equipment and intangible assets	11	(9.173.049)	(15.478.306)
Cash inflows from the sale of property, plant and equipment and intangible assets		46.329.576	692.617
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(35.632.129)**	**(18.312.385)**
Increase/(decrease) in bank borrowings and other financial liabilities		(4.420.994)	7.545.702
Interest paid		(1.543.328)	(2.796.703)
Dividends paid	19	(30.211.025)	(26.500.000)
Interest received		543.218	3.438.616
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		**32.531.784**	**(394.147)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**1.178.824**	**1.572.971**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)	**5**	**33.710.608**	**1.178.824**

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

İzocam Ticaret ve Sanayi Anonim Şirketi ("İzocam" or the "Company") was established in 1965 in order to operate in production, importation and exportation of glasswool, stonewool, mineral wool, glass fiber, expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and noninsulated roof and front panels, partition and mezzanine.

As at December 31, 2014, İzocam Holding Anonim Şirketi's ("İzocam Holding") share in the Company is to 95,07 percent through acquisition of 1.501.330.396 shares not listed in Borsa İstanbul Anonim Şirketi ("BIST") from Koç Group on November 29, 2006 and on July 10, 2007 representing 61,16 percent of paid-in capital of İzocam together with the collection of 831.117.304 shares traded on BİST which represents 33,91 percent of paid-in capital of İzocam. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by with an equal ownership of 50 percent by both parties.

The Company conducts a portion of its operations with related parties of Saint Gobain Group and Alghanim Group companies. The Company has related parties acting as both customers and suppliers (Note 4). The Company is registered at Capital Market Board of Turkey ("CMB") and its shares are listed in BİST since April 15, 1981. As at December 31, 2014, 38,84 percent of the shares are publicly traded at BİST (December 31, 2013: 38,84%).

As of December 31, 2014, total number of employees of the Company is an average basis 435 (December 31, 2013: 428) including 201 white collar employees (December 31, 2013: 189) and 234 blue collar employees (December 31, 2013: 239).

The address of the registered office and headquarters of the Company is as follows:

Altayçeşme Mahallesi Öz Sokak,
No: 19 Kat: 3, 5, 6
34843 Maltepe / İstanbul

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Statement of compliance

Accompanying financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("KGK") together with the provisions of accordance with to CMB's "Principles of Financial Reporting in Capital Market" dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TAS consist of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and related addendums and interpretations to these standards.

Company's statement of financial position as at December 31, 2014 and statement of profit or loss and other comprehensive income for period ended was authorized for issue by the Board of Directors of the Company on 10 February 2015. General assembly and legal authorities have the right to change the accompanying financial statements upon publication.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation (continued)

b) Basis of presentation of financial statements

Accompanying financial statements of the Company are prepared in accordance with CMB's "Announcement on Format of Financial Statements and Footnotes" dated June 7, 2013.

With the resolution taken on March 17, 2005, CMB has announced that, effective from January 1, 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

The equity items including paid-in capital, share premium, legal reserves presented under restricted reserves and special reserves presented under restricted reserves are presented in accordance with the TCC basis amounts and the effects of inflation over those equity items as at December 31,2004 are reflected in retained earnings.

The financial statements are prepared in TL based on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

Additional paragraph for convenience translation to English

The effect of differences between the Financial Reporting Standards published by the Capital Market Board in Turkey and accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the financial statements. The differences with IFRS related to the application of inflation accounting which was ceased one year later in IFRS, and the presentation of the basic financial statements and the notes to them. Accordingly, the financial statements are not intended to present the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in such countries and IFRS.

2.2 Comparative information

Financial statements prepared as at and for the year ended December 31, 2014 are presented comparatively with prior period as at and for the year ended December 31, 2013. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassified and related differences are explained in related notes.

In accordance with the amendments to TAS 19 – short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. This application is effective for annual periods beginning on or after 1 January 2013. Regarding this issue, since the Company's expectation is not to settle the whole unused vacation provision within 12 months after the end of the reporting period, and unused vacation provision should be reclassified from short term provisions for employee benefits to long term provisions for employee benefits, previously issued financial statements for the year ended December 31, 2013 should be restated. Within this context, the Company reclassified short term portion of unused vacation pay to long term provisions for employee benefits amounting to TL 135.249.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Comparative information (continued)

Based on the decision taken on June 7, 2013 by the CMB at its meeting numbered 20/670, a new set of illustrative financial statements and guidance to it has been issued effective from the interim periods ended after December 31, 2013 which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting in Capital Markets. Based on these new illustrative financial statements, a number of changes have been made at the Company's financial statements. The reclassifications that are made at the Company's statement of financial position as at December 31, 2013 and statement of comprehensive income for the period are as follows:

- Advances given amounting to TL 1.220.113 presented under trade receivable on the statement of financial position as of December 31, 2013, were reclassified.

- Advances given for fixed assets amounting to TL 42.462 presented under short term prepaid expenses on the statement of financial position as of December 31, 2013, were reclassified.

- Advances taken amounting to 4.910.216 presented under trade payables on the statement of financial position as of December 31, 2013, was reclassified to deferred income.

- VAT payable amounting to TL 872.165 presented under payable for employe benefits on the statement of financial position as of December 31, 2013, was reclassified to other short term liabilities.

2.3 Changes in accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements. As explained in Note 2.2, certain comparative amounts have been reclassified or re-presented, either as a result of a change in accounting policy or announcement on format of financial statements and footnotes regarding the presentation during the current year.

a) Foreign currency

Transactions in foreign currencies are translated to TL at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to TL at the exchange rates at the reporting dates.

Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates of transaction. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in under investing, operating and financing activities in profit or loss.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

b) Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and the receivables on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial asset into: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including due from related parties.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognizes financial liabilities on the date when they are originated.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, and trade and other payables, short term liabilities and due to related parties.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

c) Property, plant and equipment

The costs of tangible assets purchased before 1 January 2005 are restated for the effects of inflation current at December 31, 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after December 31, 2004 are carried at cost less accumulated depreciation and impairment losses (Note 11).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes the following items:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent expenditures

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company. Ongoing maintenance and repair expenses are recognized in profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives and is generally recomputed in profit or loss unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery and equipment	3-25 years
Furniture and fixtures	2-15 years
Leasehold improvements	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

d) Intangible assets

Intangible assets comprised acquired software rights. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation current at December 31, 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after December 31, 2004 are carried at cost less accumulated amortization and impairment losses. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Rights	3-6 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Leases

Leased Assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to cash paid during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability

Payments made under operating leases are recognized in profit or loss on straight-line basis over the term of the lease.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Changes in accounting policies (continued)

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the monthly weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale (Note 9). The cost of inventories is determined on a monthly moving weighted average basis.

g) Provisions, contingent liabilities and contingent assets

A provision is recognized in the accompanying financial statements if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements (Note 14).

If the inflow of economic benefits is probable, contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and profit or loss effect has been recognized in the financial statements at the relevant period that income change effect occurs.

h) Impairment of assets

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

The Company recognizes impairment for its certain receivables for which the collection of such receivables may become doubtful in nature as a result of several factors. In addition to these doubtful receivables a provision is recognized regarding receivables that are aged and not collected; in litigation or not paid balances for which a payment is requested via writing notice or filed a formal notification. Subsequent to recognition of provision a recovery these receivables in full or partially has been reversed from provision and income was recognized in profit or loss. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

For assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

i) Employee benefits

According to the enacted laws, the Company is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labour laws. Such payments are computed according to the severance indemnity ceiling valid at the reporting date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Company.

The Company makes compulsory premium payments to the Social Security Institution and does not have any other funding requirements. These premium payments are accrued at the financials as they incur.

j) Revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer recover of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The Company has been using the dispatch note during the departure of the goods has been systematically issuing the sales invoices based on the dispatch notes accordingly the revenue has been recognized in profit or loss through the system utilized within the Company. Revenue is measured net of returns, trade discounts and volume rebates.

When the sales arrangement effectively constitutes a financing cost, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on accrual basis (Note 24).

k) Government grants

Government grants measured at fair value including the non-cash government grants are recognized in the financial statements when there is a reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grants. Government grants are presented on the financial statements even when they comprise cash or a deduction of liabilities to the government.

l) Finance income and expenses

Finance income is comprised interest income on time deposit. Foreign exchange gain and losses arising from financing activities are presented on a net basis. Finance expenses are comprised interest expenses of loans, factoring expenses and letter of guarantee commissions. Borrowing costs that are not directly attributable to acquisition, construction or production of qualifying assets are recognized in profit or loss.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

m) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year (Note 27).

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates based on the laws that have substantively enacted at the reporting date. Deferred tax are recognized for timing differences between the financial purposes and taxation purposes, depreciation and amortization effects over property, plant and equipments and intangible assets.

Deferred tax asset and liabilities are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets when they are related to the income taxes levied by the same tax authority on the same taxable entity that intend to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realized simultaneously (Note 27).

n) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, property plant and equipments and intangible assets are no longer amortized or depreciated.

o) Earnings per share

Earnings per share disclosed in the statutory profit or loss and other comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned (Note 28).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

p) Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the reporting date and the date when financial statements were authorized for the issue. At the report date, if the evidence with respect to such events or such events has occurred after the balance sheet date and such events require restating the financial statements; accordingly the Company restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

r) Expenses

Expenses are accounted for on an accrual basis. Operating expenses are recognized as they incur.

s) Paid-in capital and dividends

Ordinary shares are classified as paid-in capital (Note 19). Additional costs that are directly attributable to the issuance of ordinary shares are recognized as decrease in equity, net of tax. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

t) Related Parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties according to TAS 24 – Related party disclosures (Note 4).

u) Statement Cash flows

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows generated from operating activities. The Company presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (capital expenditures).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits and other cash and cash equivalents less interest income accruals.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Changes in accounting policies (continued)

v) Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates has been recognized prospectively in the current and future period of the estimate changes. Effect of accounting errors has been corrected respectively.

2.4 Use of estimates and judgments

In preparing these financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions estimates are recognized prospectively.

In preparation of the financial statements, the significant estimates and judgments used by the Company are included in the following notes:

- Note 2.3c — Impairment lives of property, plant and equipment and tangible assets
- Note 2.3d — Useful lives of intangible assets
- Note 7 — Impairment losses on account receivable
- Note 9 — Impairment losses on inventories
- Note 13a, c — Provisions for employee benefits
- Note 13b — Other short term provisions
- Note 27 — Income tax
- Note 29 — Determination of fair values

2.5 New and amended standards and interpretations

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

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

- TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)
- TFRS Interpretation 21 Levies
- TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets
- TAS 39 Financial Instruments: Recognition and Measurement (Amended) - Novation of Derivatives and Continuation of Hedge Accounting
- TFRS 10 Consolidated Financial Statements (Amendment)

These new and amended standards and interpretations did not have an impact on financial position or performance of the Company.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 New and amended standards and interpretations (continued)

Standards issued but not yet effective and not early adopted

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

- TFRS 9 Financial Instruments – Classification and measurement
- TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)
- TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)
- TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants
- Annual Improvements to TAS/TFRSs (for the periods 2010-2012 and 2011-2013)

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

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

- Annual Improvements (for the periods 2010-2012, 2011-2013 and 2012-2014)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments - Final standard (2014)
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)
- IAS 1: Disclosure Initiative (Amendments to IAS 1)

NOTE 3 – SEGMENT REPORTING

Since the Company is only operating in isolation products in Turkey, segment reporting has not been presented.

NOTE 4 – RELATED PARTIES

a) Due from related parties

As of December 31, 2014 and December 31, 2013 due from related parties comprised the following:

	December 31, 2014	December 31, 2013
Saint Gobain Weber Yapı Kimyasalları Sanayi Ticaret A.Ş. (*)	304.067	66.761
Saint-Gobain Isover CRIR (*)	151.834	140.893
Saint-Gobain Recherche (*)	61.753	50.296
Saint Gobain İnovatif Malz.ve Aşındırıcı Sanayi ve Ticaret A.Ş.	42.322	24.805
Kuwait Insulating Material MFG CO.	10.850	7.312
Saint-Gobain Isover Ireland (*)	7.430	8.053
Saint-Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	-	116.025
	578.256	**414.145**

b) Due to related parties

As at December 31, 2014 and December 31, 2013 due to related parties comprised the following:

	December 31, 2014	December 31, 2013
Saint Gobain Isover SA (*)	157.666	155.354
Grunzweig Hartman AG (*)	152.441	166.893
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	72.521	-
	382.628	**322.247**

c) Sales to related parties

For the period ended December 31, 2014 and December 31, 2013 significant sales transactions to related parties comprised the following:

	January 1, December 31, 2014	January 1, - December 31, 2013
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret A.Ş. (*)	1.153.522	-
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret .A.Ş. (*)	542.991	693.995
Saint Gobain Rigips Alçı Sanayi Ve Ticaret A.Ş. (*)	106.461	119.295
Saint Gobain Recherche (*)	34.471	23.230
Kuwait Insulating Material Mfg. Co. (*)	18.171	21.616
Alghanim Industries Office (*)	11.975	-
Saint Gobain Isover Ireland (*)	-	47.688
Saint Gobain Gradevinski Proizvodi D.O.O. (*)	-	161.768
	1.867.591	**1.067.592**

(*) Companies controlled by the venturers of the immediate parent

NOTE 4 – RELATED PARTIES (continued)

d) Purchases from related parties

For the period ended December 31, 2014 and December 31, 2013 purchases from related parties comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Saint Gobain İsover (*)	1.270.418	1.256.538
Grunzweig Hartman AG (*)	953.918	934.433
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	251.158	63.522
Saint Gobain İsover SA (*)	144.801	-
Saint Gobain İsover (Almanya) (*)	7.661	-
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret A.Ş	-	96.501
Saint-Gobain Isover France (*)	-	5.937
Saint-Gobain Isover SA (*)	-	3.960
	2.627.956	**2.360.891**

e) Remunerations to the top management

For the period ended December 31, 2014 and December 31, 2013, remunerations to the top management are comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Short term benefits (Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	4.112.480	3.140.833
Long term benefits (Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	750.712	403.736
	4.863.192	**3.544.569**

(*) Companies controlled by the venturers of the immediate parent

NOTE 5 – CASH AND CASH EQUIVALENTS

As at December 31, 2014 and December 31, 2013 cash and cash equivalents comprised the following:

	December 31, 2014	December 31, 2013
Cash at blockage (*)	5.037.585	5.558.754
Banks	33.046.128	831.553
-Demand deposits	*315.703*	*831.553*
-Time deposits	*32.730.425*	-
Cheques at collection (**)	*757.105*	347.271
	38.840.818	**6.737.558**

(*) As of December 31, 2014, cash and cash equivalents consist of cash at blockage amounting to TL 5.037.585 (December 31, 2013: TL 5.558.754). TL 2.784.639 amount of consisted of cash at blockage Direct Borrowing System ("DBS") (December 31, 2013: TL 2.956.233). At March 17, 2010, the Company has started to use Direct Borrowing System ("DBS"), a new method of collection of receivables. In accordance with the arrangements made with various banks, instead of the Company, banks set a credit limit to customers and the collection is performed by the bank. Following the collection, the bank retains the payments received at blockage for one day. As at December 31, 2014 TL 2.252.946 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (December 31, 2013: 2.602.521).

(**) Cheques in collection are composed of the cheques which have not been transferred to the company's bank deposits accounts as at December 31, 2014 with a maturity date less than 30 days or before December 31, 2014.

As at December 31, 2014 and December 31 2013, time and demand deposits comprised the following currencies;

	Time Deposit		Demand deposit	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
TL	28.092.625	-	260.590	84.548
US Dollars ("USD")	4.637.800	-	55.113	747.005
European Union Currency ("EURO")	-	-	-	-
	32.730.425	**-**	**315.703**	**831.553**

As of December 31, 2014, the effective interest rates of TL and USD denominated time deposits are 10,35% and 0,81%, respectively.

NOTE 5 – CASH AND CASH EQUIVALENTS (continued)

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months. Cash and cash equivalents included in the statement of cash flows for the period ended December 31, 2014 and December 31, 2013 are comprised the followings:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Cash and cash equivalents	38.840.818	6.737.578
Less: Blockage amounts	(5.037.585)	(5.558.754)
Less: Interest Accruals	(92.625)	-
	33.710.608	**1.178.824**

NOTE 6 – FINANCIAL LIABILITIES

As at December 31, 2014 and December 31, 2013 bank borrowings comprised the followings:

	December 31, 2014	December 31, 2013
Bank borrowings (*)	**10.573.423**	**17.812.552**
TL	*10.573.423*	*17.812.552*
Factoring loans (**)	**6.297.043**	**4.209.533**
USD	*5.454.172*	*3.389.418*
Euro	*842.871*	*820.115*
	16.870.466	**22.022.085**

(*) As of December 31, 2014, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of interest bearing bank borrowings is 6,62%.

(**) Factoring loan agreements are performed as revocable by which the Company undertakes the collection risk and related receivables are shown in gross on the statement of financial condition.

NOTE 7 – ACCOUNTS RECEIVABLE AND PAYABLE

a) Trade receivable

As at December 31, 2014, and December 31, 2013 short-term trade receivables comprised the followings:

	December 31, 2014	December 31, 2013
Accounts receivable	81.307.599	74.396.789
Notes receivable	14.201.933	12.670.329
Doubtful receivables	1.455.078	856.711
Less: Allowance for doubtful receivables	(1.455.078)	(856.711)
	95.509.532	**87.067.118**

NOTE 7 – ACCOUNTS RECEIVABLE AND PAYABLE (continued)

As at December 31, 2014, TL 578.256 of accounts receivable comprised due from related parties (December 31, 2013: TL 414.145) in which detailed presentation is disclosed in Note 4.

Average collection period of trade receivables is 86 days (December 31, 2013: 87 days) which may change according to the type of the product and the terms of the agreement with the customer.

As at December 31, 2014 and December 31, 2013 maturity profiles of cheques and notes receivables are as follows:

	December 31, 2014	December 31, 2013
0 - 30 days	4.591.740	4.778.059
31 - 60 days	5.716.961	4.168.788
61- 90 days	1.964.568	2.495.477
91 days and over	1.928.664	1.228.005
Total	**14.201.933**	**12.670.329**

For the period ended, December 31, 2014 and December 31, 2013 the movement of allowance for doubtful receivables comprised the followings:

	December 31, 2014	December 31, 2013
Beginning balance	856.711	895.847
Provision for the year	598.367	93.106
Write offs	-	(132.242)
Period end	**1.455.078**	**856.711**

b) Trade payables

As at December 31, 2014, trade payables amount to TL 23.501.584 (December 31, 2013: TL 23.208.306) arising from accounts payable to various suppliers and average payment term is 31 days. (December 31, 2013: 33 days).

As at December 31, 2014, TL 382.628 of trade payables comprised due to related parties (December 31, 2013: TL 322.247) for which detailed presentation is disclosed in Note 4.

NOTE 8 – OTHER TRADE RECEIVABLES AND PAYABLES

a) Other receivables

As at December 31, 2014, long-term receivables comprised deposits given amounting to TL 94.507 (December 31, 2013: TL 17.241).

b) Other payables

As at December 31, 2014, short-term other payables amounting to TL 14.010 (December 31, 2013: 5.540 TL) comprised of other miscellaneous payables.

NOTE 9 – INVENTORIES

As at December 31, 2014, and December 31, 2013 inventories comprised the following:

	December 31, 2014	December 31, 2013
Raw materials and supplies	17.459.925	15.093.482
Finished goods	7.008.464	7.686.932
Trading goods	533.980	449.748
	25.002.369	**23.230.162**

Inventories are accounted at cost. As at December 31, 2014 and December 31, 2013, there is no allowance for impairment on inventories since the cost of inventories are lower than their net realizable value.

NOTE 10 – ASSETS HELD FOR SALE

As at December 31, 2014, and December 31, 2013 assets held for sale the following:

	December 31, 2014	December 31, 2013
Tangible assets	-	1.995.421
Total	-	**1.995.421**

As of December 31, 2013, the Company management received a valuation report for factory building, administrative building and land for Tekiz Facilities in İstanbul and these were presented as non-current assets classified as held for sale. TL 237.103 land, TL 66.805 of land improvements and TL 1.691.513 of buildings from these assets held for sale was sold on January 16, 2014 for a total consideration of USD 21,1 million (equals to 46.232.210 TL) in cash.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

For the period ended December 31, 2014 movement in the property, plant and equipment comprised the following:

	January 1, 2014	Additions	Disposals	Transfers	December 31, 2014
Cost					
Land	6.004.308	-	-	-	6.004.308
Land improvements	4.470.650	-	-	143.019	4.613.669
Buildings	55.022.693	27.050	-	290.744	55.340.487
Machinery and equipment	196.109.202	113.451	(261.252)	6.380.495	202.341.896
Furniture and fixtures	6.812.140	496.165	(234.647)	1.047.326	8.120.984
Leasehold improvements	1.097.815	1.477	(6.157)	38.764	1.131.899
Construction in progress	1.470.697	9.164.802	(640.797)	(7.900.348)	2.094.354
Total Cost	**270.987.505**	**9.802.945**	**(1.142.853)**	**-**	**279.647.597**
Less: Accumulated depreciation					
Land improvements	(3.002.978)	(124.440)	-	-	(3.127.418)
Buildings	(18.416.725)	(1.341.780)	-	-	(19.758.505)
Machinery and equipment	(150.743.225)	(10.462.225)	261.252	-	(160.944.198)
Furniture and fixtures	(5.934.649)	(419.386)	234.480	-	(6.119.555)
Leasehold improvements	(73.530)	(109.151)	6.157	-	(176.524)
Total accumulated depreciation	**(178.171.107)**	**(12.456.982)**	**501.889**	**-**	**(190.126.200)**
Net book value	**92.816.398**				**89.521.397**

For the period ended December 31, 2014, depreciation expenses amounting to TL 10.973.564 (December 31, 2013: TL 9.903.904) has been recognized under cost of sales, TL 268.960 (December 31, 2013: TL 167.498) has been included under administrative expenses and TL 1.214.458 (December 31, 2013: TL. 1.164.551) has been capitalized on stocks.

As at December 31, 2014 and December 31, 2013, the amount of tangible assets with zero net book value which are still in use and kept in the accounting records is TL 132.713.269 (December 31, 2013: TL 128.287.754).

As of December 31, 2014 and December 31, 2013, there are no assets pledged as collateral.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (continued)

	January 1, 2013	Additions	Disposals	Transfers	(*)Classification	December 31, 2013
Cost						
Land	6.241.411	-	-	-	(237.103)	6.004.308
Land improvements	4.627.353	-	-	-	(156.703)	4.470.650
Buildings	59.768.672	-	(70.024)	1.826.773	(6.502.728)	55.022.693
Machinery and equipment	194.060.888	483.742	(11.311.785)	12.876.357	-	196.109.202
Furniture and fixtures	7.171.296	148.797	(776.461)	268.508	-	6.812.140
Leasehold improvements	72.875	-	-	1.024.940	-	1.097.815
Construction in progress	2.809.129	14.795.046	(136.900)	(15.996.578)	-	1.470.697
Total Cost	**274.751.624**	**15.427.585**	**(12.295.170)**	**-**	**(6.896.534)**	**270.987.505**
Less: Accumulated depreciation						
Land improvements	(2.968.346)	(124.530)	-	-	89.898	(3.002.978)
Buildings	(21.892.222)	(1.387.303)	51.584	-	4.811.214	(18.416.725)
Machinery and equipment	(152.503.556)	(9.417.023)	11.177.354	-	-	(150.743.225)
Furniture and fixtures	(6.412.243)	(291.877)	769.471	-	-	(5.934.649)
Leasehold improvements	(58.310)	(15.220)	-	-	-	(73.530)
Total accumulated depreciation	**(183.834.677)**	**(11.235.953)**	**11.998.409**	**-**	**4.901.112**	**(178.171.107)**
Net book value	**90.916.947**				**1.995.421**	**92.816.398**

(*) See Note 10 for details.

NOTE 12 – INTANGIBLE ASSETS

For the period ended December 31, 2014 movement in the intangible assets comprised the following:

	January 1, 2014	Additions	December 31, 2014
Cost			
Software rights	848.933	10.901	859.834
Total Cost	**848.933**	**10.901**	**859.834**
Less: Accumulated amortization			
Software rights	(779.707)	(36.164)	(815.871)
Total accumulated amortization	**(779.707)**	**(36.164)**	**(815.871)**
Net book value	**69.226**		**43.963**

NOTE 12 – INTANGIBLE ASSETS (continued)

As at December 31, 2013, movement in the intangible assets comprised the following:

	January 1, 2013	Additions	December 31, 2013
Cost			
Software rights	798.212	50.721	848.933
	798.212	**50.721**	**848.933**
Less: Accumulated amortization			
Software rights	(747.586)	(32.121)	(779.707)
Total accumulated amortization	**(747.586)**	**(32.121)**	**(779.707)**
Net book value	**50.626**		**69.226**

At December 31, 2014, amortization expenses amounting to TL 36.164 (December 31, 2013: TL 32.121) have been included in administrative expenses. As at December 31, 2014 and December 31, 2013, the amount of intangible assets with zero net book value which are still in use and kept in the accounting records is TL 792.457 (December 31, 2013: TL 708.674).

NOTE 13 – PROVISIONS

a) Short term provisions for employee benefits

At December 31, 2014 and December 31, 2013 short term provisions for employee benefits the following:

	December 31, 2014	December 31, 2013
Provisions for bonuses	2.654.733	2.171.102
Total	**2.654.733**	**2.171.102**

b) Other short term provisions

At December 31, 2014, and December 31, 2013 other short-term provisions comprised the following:

	December 31, 2014	December 31,2013
Miscellaneous expense provisions	98.774	73.919
Provisions for litigation	25.872	25.872
Total	**124.646**	**99.791**

NOTE 13 – PROVISIONS (continued)

For period ended December 31, 2014 the movement of other short term provisions is as follows:

	January 1, 2014	Additions	Payments	Reversal	December 31, 2014
Provisions for personnel premium (*)	2.171.102	2.654.733	(2.171.102)	-	2.654.733
Miscellaneous provisions for expenses (**)	73.919	4.361.501	(4.310.435)	(26.211)	98.774
Provisions for litigation	25.872	-	-	-	25.872
	2.270.893	**7.016.234**	**(6.481.537)**	**(26.211)**	**2.779.379**

For period ended December 31, 2013 the movement of provisions is as follows:

	January 1, 2013	Additions	Payments	Reversal	December 31, 2013
Provisions for personnel premium (*)	2.199.286	5.117.206	(5.145.391)	-	2.171.101
Miscellaneous provisions for expenses (**)	223.394	47.708	(77.844)	(119.338)	73.919
Provisions for litigations	25.872	-	-	-	25.872
	2.448.552	**5.164.914**	**(5.223.235)**	**(119.338)**	**2.270.893**

(*) Provisions for employee bonuses are the amount that determined according to decision over performance criteria by İzocam's Board of Directors. Related amount were paid in January, 2015 (January 2014).

(**) Miscellaneous provisions are comprised of DBS provisions.

c) Long term provision for employee benefits

For period ended December 31, 2014. Provision for employee benefits the movement is as follows:

	December 31, 2014	December 31, 2013
Provision for severance payments	6.689.384	6.205.879
Provision for unused vacation pay liability	2.551.662	2.354.644
Total	**9.241.046**	**8.560.523**

NOTE 13 – PROVISIONS (continued)

Provision for employee severance indemnity has been set as follows:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of TL 3.438,22 for each period of service as at December 31, 2014 (December 31, 2013: TL 3.254,44). Maximum salary is TL 3.541,37 as of January 1, 2015.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2014, 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 assuming an annual inflation rate of 6,00% and a discount rate of 10,00%, resulting in a real discount rate of approximately 3,77% (December 31, 2012: 3,50% real discount rate). The anticipated rate of forfeitures is considered. As the maximum liability is revised semiannually, the maximum amount of TL 3.438,22 effective from July 1, 2014 has been taken into consideration in calculation of provision for employment termination benefits. Movement of retirement pay provision for the periods ended December 31 is as follows:

	December 31, 2014	**December 31, 2013**
Opening balance	6.205.879	6.059.796
Interest cost	620.588	436.520
Cost of services	569.293	503.197
Payments made during the period	(661.705)	(1.440.404)
Actuarial gain/(loss)	(44.671)	646.770
	6.689.384	**6.205.879**

NOTE 13 – PROVISIONS (continued)

Actuarial losses arise from the changes in interest rates and changes in expectations about the salary increases. For the period ended December 31, 2014 interest cost portion is recognized as finance expense whereas cost of services are recognized as general administrative expenses and actuarial losses are recognized in other comprehensive income.

The movement of unused vacation pay liability during the period is as follows:

	December 31, 2014	December 31, 2013
Opening balance	2.354.644	1.629.797
Additional provision during the period	793.744	1.115.981
Reversal	(596.726)	(391.134)
	2.551.662	**2.354.644**

NOTE 14 – COMMITMENTS

According to the decision of CMB on 29 December 2009 related to the commitments of publicly owned companies given to the guarantee 3rd party's debts. The commitments given; for companies other than publicly owned associations and financial institutions;

i) For their own corporate identities
ii) In favor of fully consolidated associations
iii) In favor of 3rd parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given it will be reduced to until December 31, 2014.

NOTE 14 – COMMITMENTS (continued)

As at December 31, 2014 and December 31, 2013 commitments given are as follows:

	December 31, 2014	December 31, 2013
A. Commitments given in the name of own legal Entity	14.351.871	12.901.417
B. Commitments given in favor of full consolidated Subsidiaries	-	-
C. Commitments given to guarantee the debts of third parties to continue their operations	-	-
D. Other commitments given;	-	-
- in favor of parent company	-	-
- in favor of group companies other than mentioned in bullets B and C	-	-
- in favor of third parties other than mentioned in bullets C	-	-
Total	**14.351.871**	**12.901.417**

As of December 31, 2014 and December 31, 2013 the Company has letter of guarantees obtained from banks and given to Custom Offices, foreign and domestic suppliers and to banks and notes given as collaterals.

As of December 31, 2014 and December 31, 2013, non-cancellable operating lease rentals payable are as follows:

	December 31, 2014	December 31, 2013
1st year	643.627	658.951
2nd year	96.764	658.951
3rd year	9.774	89.637
Total	**750.165**	**1.407.539**

NOT 15 – EMPLOYEE BENEFIT OBLIGATION

As at December 31, 2014 and December 31, 2013 employee benefits comprised the following:

	December 31, 2014	December 31, 2013
Social security premium payable	1.988.261	1.569.316
Withholding taxes and duties	547.060	482.127
Individual pension plan contribution payable	118.254	106.452
Due to personnel	17.434	10.034
Total	**2.671.009**	**2.167.929**

NOTE 16 – PREPAID EXPENSES

As at December 31, 2014 and December 31, 2013 short term prepaid expenses comprised the following:

	December 31, 2014	December 31, 2013
Prepaid expenses (*)	448.047	104.353
Advances given for inventory	256.344	1.350.263
	704.391	**1.454.616**

As at December 31, 2014 and December 31, 2013 long term prepaid expenses comprised the following:

	December 31, 2014	December 31, 2013
Advances given for fixed assets	83.090	42.462
	83.090	**42.462**

(*) As of December 31, 2014 prepaid expenses are consist of retailer and fair expenses, insurance and office rent expenses.

NOTE 17 – DEFERRED INCOME

As at December 31, 2014 and December 31, 2013 deferred income is comprised the following:

	December 31, 2014	December 31, 2013
Advances Taken	7.721.212	4.910.216
	7.721.212	**4.910.216**

NOTE 18 – OTHER ASSET AND LIABILITIES

a) Other current assets

As at December 31, 2014 and December 31, 2013 other current assets are comprised the following:

	December 31, 2014	December 31, 2013
Value Added Taxes ("VAT") to be transferred	1.311.636	809.618
Taxes and duties receivable	718.969	370.733
VAT receivable on exports	392.927	177.454
Other	206.230	229.261
	2.629.762	**1.587.066**

NOTE 18 – OTHER ASSET AND LIABILITIES (continued)

b) Other non-current assets

As of December 31, 2014 Company has deposits and guarantees given amounts of TL 14.597. (31 December 2013: TL 13.896)

c) Other short term liabilities

As at December 31, 2014 and December 31, 2013 other current liabilities comprised the following:

	December 31, 2014	December 31, 2013
VAT payables as taxpayer	1.390.597	872.165
VAT payables as responsible party	327.787	291.626
Other	53.752	7.497
	1.772.136	**1.171.288**

NOTE 19 – EQUITY

a) Paid-in Capital / Inflation Adjustment on Capital

As at December 31, 2014, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (December 31, 2013: 2.453.414.335 shares) of kr 1 each, There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	December 31, 2014		December 31, 2013	
	Shares	Ownership interest %	Shares	Ownership interest %
İzocam Holding	15.004.304	61,16	15.004.304	61,16
İzocam Holding (Publicly traded)	8 320.173	33,91	8.320.173	33,91
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	24.534.143	**100,00**	**24.534.143**	**100,00**
Adjustment on Capital	25.856.460		25.856.460	
	50.390.603		**50.390.603**	

Adjustment represents the impact of cash additions into paid-in capital due to the change in the purchasing power of TL compared to December 31, 2004.

Registered capital information: The Company acknowledged registered capital system under the provisions of Law No. 2499 and adopted the system with the permit of CMB dated 28 September 1984 numbered 291. Authorized capital of the Company is TL 60.000.000 TL. Paid-up capital of the Company is TL 24.534.143,35. During 2014, there was no capital increase made by the Company.

NOTE 19 – EQUITY (continued)

b) Share Premiums / Restricted Reserves

Equity items of paid-in capital, share premiums, and legal reserves and special reserves under restricted reserves should be presented at their nominal amounts, Accordingly the inflation adjustments provided for within the framework of TFRS, for paid-in capital has been presented under inflation adjustment on capital, whereas for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings, Other equity items have been presented at TFRS values.

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

The details of these restricted reserves are as follows:

	December 31, 2014	December 31, 2013
Legal reserves	35.730.659	32.510.179
Special reserves (*)	46	46
	35.730.705	**32.510.225**

(*) The Company used investment allowance before the year 1980 and according to a legal obligation recorded this amount as special reserves.

TL 10.060.002 extraordinary reserves (December 31, 2013: 16.507.941) have been presented under retained earnings.

Share premiums represent the cash inflows generated from the sale of shares at their market values. Those premiums are followed under equity and cannot be distributed. However, those premiums can be used in share capital increases in the forthcoming years.

NOTE 19 – EQUITY (continued)

c) Dividend Distribution

Dividend Comminuqué No. II-19.1, dated 23 January 2014 and prepared in accordance with Capital Market Law No. 6362 published on Official Gazette No. 28513 with an effective date of 30 December 2012, was published on Official Gazzette No. 28891 and it was stated that the comminuqué will be effective 1 February 2014. Per Dividend Comminuqué No. II-19.1 prepared based on Articles 19 and 20 of Law no. 6362;

- Corporations will distribute their profits based on dividend distribution policies and through general assembly decision in adherence with provisions of respective laws and regulations and minimum requirements for dividend distribution policy were determined.
- Dividends will be distributed to all shareholders pro-rata based on the ownership percentage as of distribution date regardless of issuance and purchase date.
- Aside from determination of the date for dividend distribution, payment period was not restricted based on the fact that dividend distribution date shall be included in distribution policy under the condition of commencement at the end of annual period during which the General Assembly for latest distribution decision was made.
- Under the condition of decision at General Assembly, dividends may be paid in installments, methods and principles were determined for payment of dividends via installment under this context.
- If there is no specific raito was determined for distribution, although an article exists within articles of incorporation for the priviliged shareholders, bonus share holders, board members, employees and individuals other than shareholders; dividend amounts can not exceed one fourth of dividends paid to shareholders.
- It was decided that there has to be a specific provision in the articles of association for donations by corporations, the donation limits shall be determined by general assembly and CMB is authorized to impose maximum limits on donation amounts.
- New principles were determined regarding the calculation of advance dividend amounts to be distributed based on interim financial statements by publicly traded corporations.
- In case of decision by corporations for the distribution of at least 25 percent of net distributable period income as cash dividends, a discount of 25 percent shall be applied on registration fees regarding share issuances to be made within one year upon approval by general assembly.

Under the circumstances stated above;

- Corporations will distribute their profits based on dividend distribution policies and through general assembly decision in adherence with provisions of respective laws and regulations. Regarding profit distribution policy, corporations under the influence of CMB could adopt different bases for distribution.
- Corporations shall include the following at a minimum in their distribution policies:
    - Decision on whether any dividends will be distributed and dividend distribution rate for shareholders and other stakeholders if distributed,
    - Payment method of the dividend,
    - Timing of the dividend payment under the condition that the distribution process will begin at the latest of the period end date of the annual period that the general assembly is met.
- In case of a request for change in dividend distribution policy, the basis and the related board resolution for the change are announced publicly in accordance with the provisions of material disclosures of CMB.

NOTE 19 – EQUITY (continued)

Based on the statements above, principles of dividend distribution are as follows;

- Dividend is distributed on pro-rata basis to all of the existing shares without considering the issuance or purchase date on the date of distribution. All rights related to preferred dividends are reserved.
- Dividend may be paid in equal or different amount of installments subject to decision made at general assembly meeting for distribution. Matters below are followed for the distribution of dividends in installments:
  - ➢ Number of installments is determined by the general assembly or board of directors upon explicit delegation by the general assembly.
  - ➢ If the number of installments is not determined by the general assembly resolution; payment dates determined by the board of directors are announced publicly within fifteen days under the provisions of CMB's material disclosure regulations.
  - ➢ Installment payments are made pro-rata to all of the existing shares without considering the issuance or purchase date.
  - ➢ Dividend amounts to be distributed by the General assembly to the individuals other than shareholders are paid out under same basis and principals, and proportionally with the installment payments to be paid to the shareholders.
- Allocation of additional reserves, carry forward of profits and distribution of dividends to bonus share holders, board members, employees and individuals other than shareholders are not permitted if legal reserves are not set up in accordance with TCC provisions; dividends are not properly allocated among the shareholders based on articles of incorporation or dividend distribution policy and shareholders does not receive their entitled dividend amounts in cash. Provisions of second clause of the article and first and third clauses of TCC Article Number. 348 are reserved.
- Certain provision is required to be included in the corporation's article of incorporation in order to distribute dividends to preferred shareholders, bonus share holders, board members, employees and individuals other than shareholders. If there is no distribution rate determined even such provisions exist in the articles of incorporation, distribution amounts to these individuals may not exceed one fourth of the dividends distributed to the shareholders except preferred shares.
- CMB's regulations related to right of dividend for bonus share certificate holders and allocation of dividends to bonds are reserved.

In the ordinary general assembly held on 21 March 2014, it has been decided to distribute dividend amounting to TL 23.798.178 through net profit for the year ended December 31, 2013 amounting to TL 30.211.025 as cash dividends, TL 9.633.327 is transferred from extraordinary reserves and TL 3.220.480 will be transferred to second legal reserves.

As of December 31, 2014 total amount of current year income in the statutory records and other reserves that can be subject to the dividend distribution of the Company is TL 65.824.528 (December 31, 2013: TL 33.431.504).

NOTE 20 – REVENUE AND COST OF SALES

For the periods ended December 31, revenue and cost of sales comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Domestic sales	299.215.612	298.784.056
Export sales	68.446.627	59.960.208
Other	13.814.641	610.469
Gross sales	**381.476.880**	**359.354.733**
Less: Sales returns and discounts	(18.555.690)	(20.238.377)
Net sales	**362.921.190**	**339.116.356**
Less: Cost of sales	(276.517.358)	(256.270.142)
Gross profit	**86.403.832**	**82.846.214**

For the periods ended December 31, the nature of the cost of sales comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Raw materials and consumables	245.502.322	228.863.956
Personnel	19.447.236	17.668.963
Depreciation	10.973.564	9.903.904
Changes in inventory	594.236	(166.681)
Cost of Sales	**276.517.358**	**256.270.142**

NOTE 21 – MARKETING, SALES AND DISTRIBUTION EXPENSES

For the periods ended December 31, marketing expenses comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Freight insurance	17.585.457	19.575.493
Personnel	7.653.552	6.940.788
Storage	2.770.453	2.308.153
Licenses	2.480.613	2.740.453
Dealer and authorized service	1.760.780	1.716.091
Advertisement	1.434.114	1.614.681
Transportation	717.046	703.539
Collateral	636.964	516.108
Sales commissions	584.866	633.657
Exhibition and fair	463.591	341.317
Rent	495.255	166.223
Travel	408.985	266.858
Public relations and events	133.294	120.251
Other	659.423	621.172
	37.784.393	**38.264.784**

NOTE 22 - ADMINISTRATIVE EXPENSES

For the periods ended December 31, 2014 and 2013, administrative expenses comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Personnel	8.780.687	8.019.765
Information technology	588.063	515.813
Transportation	405.673	418.330
Rent	399.120	-
Representation	353.742	217.636
Subscription	337.363	227.408
Depreciation and amortization	305.124	199.619
Communication	229.794	231.606
Consultancy	217.472	277.380
Duties, taxes and levies	167.383	241.915
Repair, maintenance and energy	152.851	191.765
Legal	148.591	115.702
Travel	128.930	79.326
Insurance expenses	113.542	99.118
Stationary Expenses	94.871	102.561
Donations	58.086	10.155
General Assembly	14.684	85.131
Other	767.168	1.461.431
	13.263.144	**12.494.661**

NOTE 23 – EXPENSES BY NATURE

For the periods ended December 31, nature of expenses is disclosed in Notes 20, 21 and 22.

Expenses by nature for the period ended December 31, 2014 and 2013 comprise the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Salaries	35.881.475	32.629.516
Depreciation and amortization	11.278.688	10.103.523
	47.160.163	**42.733.039**

NOTE 24 – OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

For the periods ended December 31, 2014 and 2013 other operating income comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Interest income on credit sale	4.877.816	3.400.190
Foreign exchange gains on operations	1.371.848	1.535.501
Insurance income	1.209.744	98.007
Other income	745.791	4.228
	8.205.199	**5.037.926**

TL 2,6 million of the products in the inventories of the Company and the warehouse were partially damaged in the fire that occurred in the warehouse of the fiberglass factory in Tarsus/Mersin on August 14, 2014. While the total amount of the products which became obsolete and which were recorded using the historical cost method could be calculated accurately; although the part of these fixed assets were still usable though partially damaged. Obsolete fixed assets were disposed and the renewal and repair work for warehouse is still continuing. For the calculable amount of the damage, an agreement has been reached with the insurance broker and insurance companies. In the light of the discussions, the whole portion of the damage relating to the products that were damaged in the fire were compensated. Accordingly, the damage does not have a negative impact on the financial statements.

NOTE 24 – OTHER OPERATING INCOME AND EXPENSE (continued)

b) Other operating expense

For the periods ended December 31, other operating expense comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Provision for doubtful receivables	598.367	48.958
Foreign exchange losses on operations	19.029	257.689
Other	395.217	32.207
	1.012.613	**338.854**

NOTE 25 – INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

For the periods ended December 31, investment income/expense comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Gain on sale of assets held for sale, net	42.816.456	-
Gain on sale of property, plant and equipment	97.199	448.509
Income from investing activities	**42.913.655**	**448.509**
Loss on sale of property, plant and equipment	-	(52.653)
Expense from investing activities	**-**	**(52.653)**
Income/(expense) from investing activities, net	**42.913.655**	**395.856**

As of December 31, 2013, the Company management received a valuation report for factory building, administrative building and land for Tekiz Facilities in İstanbul and these were classified as non-current assets held for sale. TL 237.103 land, TL 66.805 of land improvements and TL 1.691.513 of buildings from these assets held for sale was sold on January 16, 2014 for a total consideration of USD 21.1 million (equals to 46.232.210 TL) in cash. After deducting miscellaneous expenses related with sales transactions amounting to TL 1.420.333, the Company realized gain from this sale in amount of TL 42.816.456.

NOTE 26 – FINANCE INCOME AND EXPENSES

a) Finance income

For the periods ended December 31, 2014 and 2013, finance income comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Foreign exchange gains	792.325	-
Interest income on time deposits	635.843	38.426
	1.428.168	**38.426**

b) Finance expenses

For the periods ended December 31, 2014 and 2013, finance costs comprised the following:

	January 1, - December 31, 2014	January 1, - December 31, 2013
Interest expense on borrowings	1.605.027	2.796.703
Interest cost on defined benefit plan	620.588	436.520
	2.225.615	**3.233.223**

NOTE 27 – INCOME TAX

In accordance with Article No, 32 of the new Corporate Tax Law No, 5520 published in the Official Gazette No, 26205 dated 21 June 2006, corporate tax rate is reduced from 30 percent to 20 percent. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20 percent.

As per the decision no,2006/10731 of the Council of Ministers published in the Official Gazette no,26237 dated 23 July 2006, certain duty rates included in the articles no,15 and 30 of the new Corporate Tax Law no,5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10 percent to 15 percent.

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

NOTE 27 – INCOME TAX (continued)

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.Corporations are required to pay advance corporation tax quarterly at the rate of 20 percent on their corporate income. Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17^{th} of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Current period tax assets and liabilities

As at December 31, 2014 and December 31, 2013 total tax liability comprised the following:

	December 31, 2014	December 31, 2013
Corporate tax provision	16.867.479	6.527.015
Prepaid taxes	(15.538.743)	(4.726.203)
Current tax liability	**1.328.736**	**1.800.812**

Deferred tax assets and liabilities

Deferred tax liabilities and assets are provided on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent years will be reversed.

The Company recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Company is operating, taxable income in the forthcoming years. Turkey's general economic and political situation, and/or global economic and political situations. The Company expects to generate taxable income in the forthcoming years and considers Turkey's economic and political situation shows clear positive developments. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the forthcoming years under the balance sheet method using a principal tax rate of 20 % (December 31, 2013: 20%). Deferred tax assets and deferred tax liabilities at December 31, were attributable to the items detailed in the table below:

NOTE 27 – INCOME TAX (continued)

		December 31, 2014
	Temporary Accumulated Differences	Deferred Tax Assets/(Liabilities)
Employee severance indemnity	6.689.384	1.337.877
Vacation pay liability	2.551.662	510.333
Unrecognized interest expense	585.054	117.011
Effect of amortization and depreciation of tangible and intangible assets	(12.406.116)	(2.481.223)
Other	(1.093.860)	(218.772)
Deferred tax asset/(liability), net		**(734.774)**

		December 31, 2013
	Temporary Accumulated Differences	Deferred Tax Assets/(Liabilities)
Employee severance indemnity	6.205.879	1.241.176
Vacation pay liability	2.354.644	470.929
Unrecognized interest expense	366.533	73.307
Effect of amortization and depreciation of tangible and intangible assets	(10.955.157)	(2.191.031)
Other	(1.138.680)	(227.736)
Deferred tax asset/(liability), net		**(633.355)**

As at December 31, 2014 and December 31, 2013, the movement of deferred tax liabilities is as follows:

	2014	2013
Opening balance as of 1 January	633.355	322.128
Other comprehensive deferred tax of income	8.934	(129.353)
Deferred tax (income)/expense	92.485	440.580
Closing balance as of 31 December	**734.774**	**633.355**

Income tax calculated after fiscal period ended in December 31 is different from the amount which is calculated by implementing statutory tax rate on pretax income is shown below:

	January 1 – December 31, 2014	January 1 – December 31, 2013
Profit before tax	84.665.089	33.986.900
Tax rate %	20	20
Taxes on reported profit per statutory tax	**(16.933.018)**	(6.797.380)
Disallowable expenses	(26.946)	(170.215)
Tax expense	**(16.959.964)**	**(6.967.595)**

NOTE 28 – EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the year ended December 31, 2014 amounting to TL 67.705.125 (December 31, 2013: TL 27.019.305) to the weighted average of the shares during these periods,

	January 1 - December 31, 2014	January 1 - December 31, 2013
Earnings per share		
Net Profit	67.705.125	27.019.305
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
Basic Earnings per share (Kr per share)	**0,027**	**0,011**
Diluted Earnings per share (Kr per share)	**0,027**	**0,011**

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

a) Financial risk management

The Company has exposure to the following risks from its operations:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

In accordance with the Article 378 of TCC or the publicly traded companies the Board of Directors are obliged to set up an expert committee in order to identify, develop and update systems, manage and put actions against those risks which can affect existency development end continuance of the Company. Accordingly, the Company set up the relevant committee on 3 April 2013, comprise of three members. In 2014, this committee has five meetings and the report prepared by this committee had been presented to the Board of Directors of the Company.

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

a) Financial risk management (continued)

In this context, the following company procedures and internal control issues have been identified:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party. The management of the Company covers these risks by limiting the average risk for counter party (except related parties) in all contracts and receiving guarantees if necessary. The Company works through agency system within Turkey to a great extent. The Company minimizes the collection risk by the guarantee letters taken from agencies, liens and commitment notes received before the sale and controls the orders of agencies out of guarantee by comparing these guarantees received from the agencies with their receivables. Additionally, the Company guarantees its receivables through direct borrowing system by the agreements of various banks. The Company is exposed to credit risk amounting to TL 10.143.471 (December 31, 2013: TL 7.853.166) which is not covered by collaterals and DBS guarantees.

Provisions made for doubtful receivables are within reasonable borders based on the past experiences of the Company in collection of accounts receivable. Therefore, the management does not foresee any additional risk relating to accounts receivable more than provisions made. Provisions are observed to be within expected thresholds based on historical trends of collection of its trade receivables. Therefore, management does not foresee any additional risk related to the Company's trade receivables other than provision allocated.

Largest balance of trade receivables is TL 7.978.789 for a single customer.

Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by obtaining adequate funding lines from high quality lenders. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At December 31, 2014 the Company has guaranteed the receivables amounting to TL 132.305.000 (December 31, 2013: TL 123.245.250) via Direct Borrowing System aiming to avoid liquidity risk. The Company has also obtained factoring loans amounting to TL 6.297.043 (December 31, 2013: TL 4.209.533) through making early collection; increases the liquidity position and avoids foreign exchange loss risk.

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

a) Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. The Company manages this risk by means of balancing the interest-earning assets and interest-bearing liabilities as natural precautions. The Company places those interest earning assets at short-term investments.

Currency risk

The Company is exposed to currency risk due to its import transactions and borrowings in foreign currency. These transactions are held in USD, Euro. The Company began to utilize factoring transactions in order to hedge foreign currency risk on its imports since January 26, 2010. Thus, the Company collects foreign denominated receivables in TL prior to maturity.

Interest Rate Risk

The Company is exposed to interest rate risk due to effects of changes in the interest rates to the assets and liabilities.

b) Risk Management Disclosures

Due to its operations, the Company is subject to various financial risks including capital market prices and effects of changes in foreign currency and interest rates. The aggregate risk management program focuses on the unpredictability of the financial markets and aims at minimizing the potential adverse effects on the financial performance of the Company.

Interest rate risk

The Company is subject to the interest rate risk due to impact of changes in the interest rates on the interest rate sensitive asset and liabilities.

	December 31, 2014	December 31, 2013
Fixed interest rate financial instruments		
Short-term borrowings (Note 6)	16.870.466	22.022.085

Credit risk

Credit risk is diversified since there are many counterparties in the customer database.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 9,47 percent (December 31, 2013: 10,94 percent) of the Company's revenue is attributable to sales transactions with a single customer. Largest balance of trade receivables is TL 7.978.789 for a single customer (December 31, 2013: TL 2.669.584).

NOTE 29– NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

Credit risk (continued)

The geographical concentration of receivables excluding related parties exposed to the credit risk at December 31, are as follow:

	December 31, 2014	December 31, 2013
1. and 5. District Office (Marmara, West Black Sea Regions)	51.710.146	46.679.531
2. District Office (Central Anatolia, Middle Black Sea Regions)	14.900.814	13.496.124
3. District Office (South East Anatolia, East Anatolia, East Black Sea Regions)	10.131.993	6.462.191
4. District Office (Aegean and Mediterranean Sea Regions)	9.751.154	11.674.985
Middle East, Balkans, Africa and Others	9.015.425	8.754.287
	95.509.532	**87.067.118**

At December 31, 2014, the Company has a letter of guarantee amounting to TL 10.155.027 (December 31, 2013: TL 15.070.021), mortgage amounting to TL 10.000 (December 31, 2013: TL 564.000), Eximbank guarantee amounting to TL 8.773.280 (December 31, 2013: TL 14.659.589), collaterals received as notes amounting to TL 791.091 (December 31, 2013: TL 835.724) and direct borrowing system guarantees amounting to TL 132.305.000 (December 31, 2013: TL 123.245.250), The Company does not have collaterals received as cash at December 31, 2014 (December 31, 2013: None).

Detail of credit risk as at December 31, 2014 is as follows:

	Receivables					
	Trade receivables		Other Receivables			
December 31, 2014	Related Party	Others	Related Party	Others	Deposits on Banks	Other
Exposure to maximum credit risk as at reporting date (*) (A +B+C+D)	**578.256**	**94.931.276**	**-**	**-**	**33.046.128**	**14.351.871**
- The part of maximum risk under guarantee with collateral	578.256	93.793.630	-	-	33.046.128	578.256
A. Net carrying value of financial assets which are neither impaired nor overdue	578.256	89.045.483	-	-	-	-
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	5.885.793	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-		-	-	-	-
- Past due (gross book value)	-	1.455.078	-	-	-	-
- Impairment (-)	-	(1.455.078)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	14.351.871

(*) In determination of the amount, the elements like obtained credits of guarantees that increase the reliability of the credit were not considered.

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

The Company works with most of its customers since its foundation and there has not been any loss due to receivables from these customers. In order to monitor credit risks, customers are regrouped according to their credit character and customer types. Most of the accounts receivable consist of the receivables from agencies.

The Company sets up provisions for its doubtful receivables after a problem arises in collection from the related customer and when the lawyer of the customer is informed for the legal action.

At December 31, 2014 past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables			
December 31, 2014	Trade receivables	Other receivables	Deposits on Banks	Other
Past due 1-30 days	3.704.692	-	315.703	-
Past due 1-2 months	528.579	-	-	-
Past due 3-6 months	749.447	-	-	-
More than 6 months	903.075	-	-	-
Total	**5.885.793**	**-**	**315.703**	**-**
The portion secured by guarantee	4.748.148			

As at December 31, 2014, loan limits and terms to maturities have been determined by associate banks to the customers who have been included in DBS system. The Company has accepted that it has right to recall the loans which have been granted to customers that who have not been performing regular loan repayment and customers who have been regularly making payment at a level of credit limit for the 30 days period. The Company has accepted that if the loans in question are not closed within the specified period, the Company accepted that the Banks have right to engage legal proceedings for related customer.

As at December 31, 2014, the Company has guaranteed its overdue receivables by letter of guarantee amounting to TL 263.403 (December 31, 2013: 266.785), direct borrowing system (DBS) guarantees amounting to TL 3.797.530 (December 31, 2013: 4.575.776) and Eximbank guarantee amounting to TL 687.215 (December 31, 2013: TL 1.344.855).

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

Detail of credit risk as of December 31, 2013 is as follows:

	Receivables					
	Trade receivables		Other Receivables			
December 31, 2013	Related Party	Others	Related Party	Others	Deposits on Banks	Other
Exposure to maximum credit risk as at reporting date (*) (A +B+C+D)	**414.145**	**86.652.973**	**-**	**-**	**831.553**	**12.901.417**
- The part of maximum risk under guarantee with collateral	414.145	79.153.251	-	-	831.553	-
A. Net carrying value of financial assets which are neither impaired nor overdue	414.145	79.153.251	-	-	-	-
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	7.499.722	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-		-	-	-	-
- Past due (gross book value)	-	856.711	-	-	-	-
- Impairment (-)	-	(856.711)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	12.901.417

As at December 31, 2013, past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables			
December 31, 2013	**Trade receivables**	**Other receivables**	**Deposits on Banks**	**Other)**
Past due 1-30 days	4.893.416	-	831.553	12.901.417
Past due 1-3 months	1.060.227	-	-	-
Past due 3-6 months	1.326.306	-	-	-
More than 6 months	219.773	-	-	-
Total	**7.499.722**	**-**	**831.553**	**12.901.417**
The portion secured by guarantee**	6.187.416	-	-	-

Guarantees

In accordance with the Company policy, total guarantees amounting to TL 14.351.871 (December 31, 2013: TL 12.901.147) are given to custom offices, domestic supplier, banks and tax offices.

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

Foreign currency risk is the risk arisen from the value change of any financial instrument based on currency. The Company is exposed to the currency risk due to its net assets, export sales and borrowings in foreign currency. For the exchange rate risk, the management of the Company strictly follows up stabilizing foreign exchange position. The main currencies used are USD and Euro. As at December 31, 2014 and 2013, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	December 31, 2014			December 31, 2013		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	8 993 927	3 358 930	427.165	8 914 265	3 367.509	588.112
2a. Monetary financial assets	4.692 913	2.023.767	-	8 813.954	4 106 104	17.128
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	61.754	-	21.893	-	-	-
4. Current Assets (1+2+3)	**13.748.594**	**5.382.697**	**449.058**	**17.728.219**	**7.473.613**	**605.240**
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+9)	**13.748.594**	**5.382.697**	**449.058**	**17.728.219**	**7.473.613**	**605.240**
10. Trade payables	(1.584.169)	(451.946)	(190.077)	(1.656.106)	(468.622)	(223.370)
11. Financial liabilities	(6.296.919)	(2.351.998)	(298.816)	(4.209.533)	(1.588.070)	(279.283)
12a. Monetary financial liabilities	(11.595)	(5.000)	-	-	-	-
12b. Non-monetary financial liabilities	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**(7.892.683)**	**(2.808.944)**	**(488.893)**	**(5.865.639)**	**(2.056.692)**	**(502.653)**
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Monetary financial liabilities	-	-	-	-	-	-
16b. Non-monetary financial liabilities	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	**(7.892.683)**	**(2.808.944)**	**(488.893)**	**(5.865.639)**	**(2.056.692)**	**(502.653)**
19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20. Net foreign currency asset (liability) position (9-18+19)	**5.855.911**	**2.573.753**	**(39.835)**	**11.862.580**	**5.416.921**	**102.587**
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**5.794.157**	**2.573.753**	**(61.728)**	**11.862.580**	**5.416.921**	**102.587**
22. Total fair value of financial instruments used for currency swap	-	-	-	-	-	-
23. Hedged amount of foreign denominated assets	-	-	-	-	-	-
24. Hedged amount of foreign denominated liabilities	-	-	-	-	-	-

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

As at December 31, 2014 and December 31 2013 currency sensitivity analysis is as follow;

	Currency Sensitivity Analysis			
	December 31, 2014			
	Profit/(Loss)			Profit/(Loss)
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	Assumption of devaluation/appreciation by 10% of USD against TL			
1- Net USD asset/(liability)	596.827	(596.827)	1.156.133	(1.156.133)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- Net US Dollar effect (1+2)	**596.827**	**(596.827)**	**1.156.133**	**(1.156.133)**
	Assumption of devaluation/appreciation by 10% of Euro against TL			
4- Net EUR asset/(liability)	(17.412)	17.412	30.125	(30.125)
5- Part of hedged from EUR risk (-)	-	-	-	-
6- Net EUR effect (4+5)	**(17.412)**	**17.412**	**30.125**	**(30.125)**
	Assumption of devaluation/appreciation by 10% of other currencies against TL			
7- Other currency net asset/(liability)	-	-	-	-
8- Part of hedged from other currency (-)	-	-	-	-
9- Net other currency effect (7+8)	-	-	-	-
TOTAL (3+6+9)	**579.415**	**(579.415)**	**1.186.258**	**(1.186.258)**

For the periods ended December 31, 2014 and 2013, total import and export of the Company comprised the following:

	December 31, 2014	December 31, 2013
Total exports	68.446.627	59.960.208
Total imports	80.615.558	101.767.671

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

Liquidity risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. By the cash inflows provided from the operating activities, the Company utilizes its requirements for current and future funding and the remaining portion of those cash inflows are utilized in time deposits with short-term maturities. The Company finances the capital expenditures by the long-term borrowings utilized from the financial institutions. The Company makes it's repayments of its borrowing from the cash inflows provided from operating activities through the productivity from those capital expenditures.

The below tables show the monetary liabilities of the Company according to their remaining maturities at December 31:

As of December 31, 2014 Maturity per agreements	Book value	Total contractual cash outflows	0-3 Months	3-12 Months
Non-derivative financial liabilities	**44.829.205**	**44.829.205**	**34.767.506**	**10.061.699**
Short term payables	16.870.466	16.870.466	6.808.767	10.061.699
Trade payables	23.501.584	23.501.584	23.501.584	-
Other payables	14.010	14.010	14.010	-
Employee benefit obligations	2.671.009	2.671.009	2.671.009	-
Other short term liabilities	1.772.136	1.772.136	1.772.136	-

As of December 31, 2013 Maturity per agreements	Book Value	Total contractual cash outflows	0-3 Months	3-12 Months
Non-derivative financial liabilities	**48.575.148**	**48.575.148**	**48.542.901**	**322.247**
Short term payables	22.022.085	22.022.085	22.022.085	-
Trade payables	23.208.306	23.208.306	23.176.059	322.247
Other payables	5.540	5.540	5.540	-
Employee benefit obligations	2.167.929	2.167.929	2.167.929	-
Other short term liabilities	1.171.288	1.171.288	1.171.288	-

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

NOTE 29 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Risk Management Disclosures (continued)

Trade receivable and payables

Accounts receivable that are originated by the Company by way of providing goods directly to a debtor are carried at amortized cost using the effective interest rate method. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of the imputed interest is significant. Accounts receivable assessed as they reflect their fair values because of their short-term nature.

The Company provided reserve for all receivables which are under legal follow-up. Exchange rate difference resulted from foreign currency denominated bad and doubtful receivables is included in the bad debt provision and same amount of foreign exchange difference is also accounted as foreign exchange gain.

Trade payables are stated at cost net of interest on credit purchases. Trade payables, net of deferred finance cost are measured at amortized cost using the effective interest rate method by taking into consideration the future cash flows of the original invoices recognized in the financial statements. Accounts payable assessed as they reflect their fair values because of their short-term nature.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other

Other financial assets and liabilities assessed as they reflect their fair value because of their short-term nature.

NOTE 30 – SUBSEQUENT EVENTS

None.
