
OLUKLU MUKAVVA
DİNAMİK
GLOBAL
PERFORMANS
KALİTELİ
DENEYİMLİ
AMBALAJ ÇÖZÜMLERİ
İNSAN
MÜŞTERİ ODAKLI
GÜVENİLİR
YETENEK
KAĞIT
REKABETÇİ
GELİŞME ETİK
İŞ GÜVENLİĞİ
YARATICI
DEĞERLER
YENİLİKÇİ
GELİŞİME AÇIK
DEĞİŞİME AÇIK
AYDINLIK GELECEK
UZMANLIK
SORUMLULUK
ÇEŞİTLİLİK
BAŞARILI
OPERASYONEL
KÖKLÜ GEÇMİŞ
ÇEVRECİ

STRONG LEADERSHIP, STRONG COMMITMENTS

Aiming to be one of the most respected and successful companies in the world, International Paper manufactures products that people depend on every day, using renewable resources to improve the world today and for generations to come.

A powerful union between Turkey's foremost packacing company and a global major player, Olmuksan International Paper will provide greater value ever than before.

OLMUKSAN

INTERNATIONAL PAPER

MILESTONES

1968

Founded as Olmuk Mukavva Sanayi ve Ticaret (Olmuk Cardboard Industry and Trade).

1984

Acquired by Hacı Ömer Sabancı Holding and registered as Olmuksa Mukavva Sanayi ve Ticaret (Olmuk Cardboard Industry and Trade).

1998

Hacı Ömer Sabancı Holding established an equal partnership joint venture with International Paper.

2001

Acquisition of Kav Ambalaj Sanayi ve Ticaret (Kav Packaging Industry and Trade), adding their Bursa and Manisa Plants.

2010

Purchased DS Smith Group's Turkey operations and expanded into new geographic areas with facilities in Çorlu and Çorum.

2013

OLMUKSAN INTERNATIONAL PAPER

International Paper acquired Hacı Ömer Sabancı Holding's shares and became the majority owner. The company was renamed Olmuksan International Paper Ambalaj Sanayi ve Ticaret (Olmuksan International Paper Packaging Industry and Trade).

The IP Way in Turkey

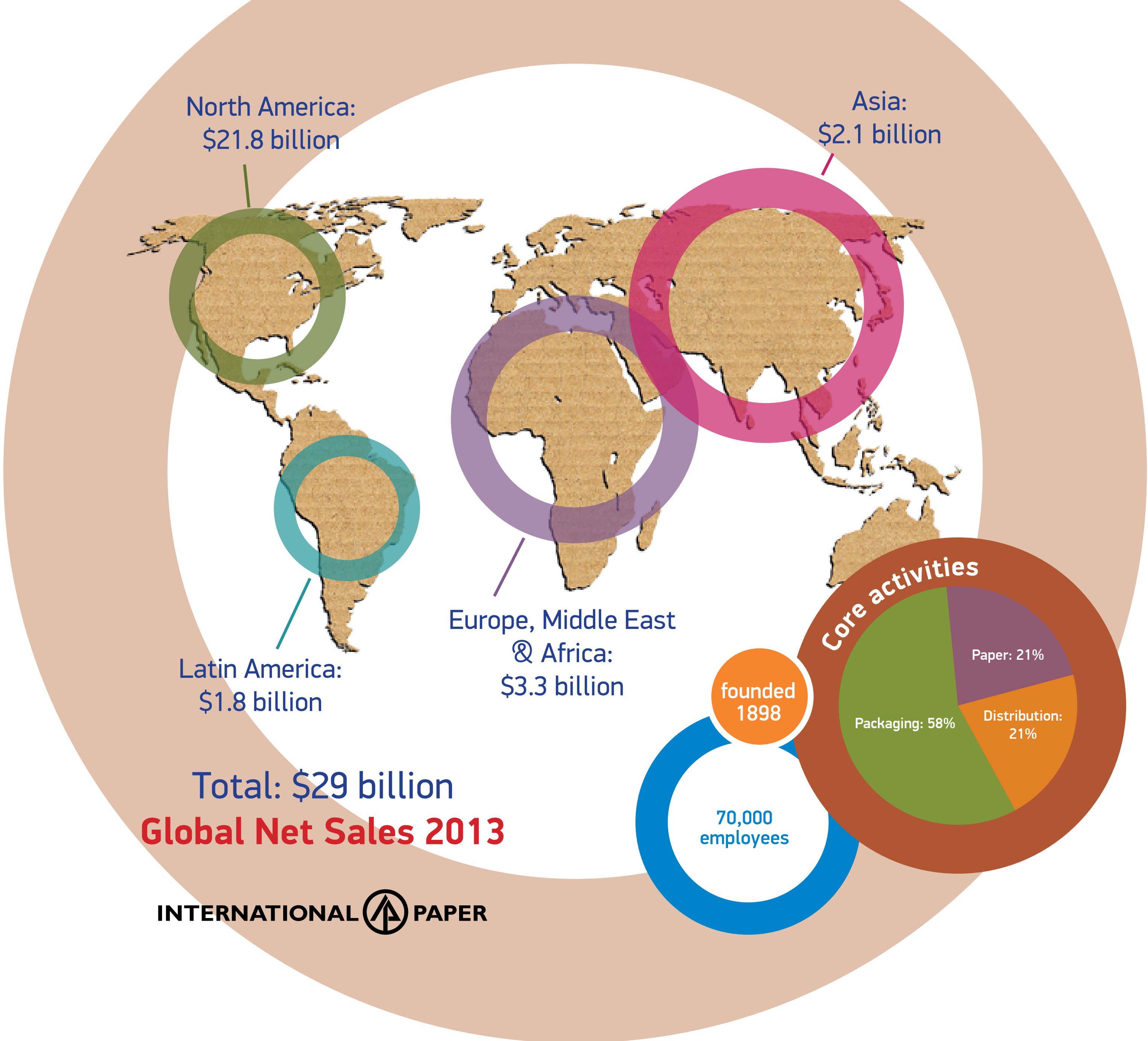
We are a company of substance. Our distinguishing feature is our principled approach. The way we do business is as important as the business we do. We call this the IP Way. "Commitment to people, to customers and to operational excellence" is the foundation of the IP Way.

A reliable business partner

At Olmuksan International Paper we turn paper into corrugated cardboard, and corrugated cardboard into packaging. We believe that the key to the success of Olmuksan International Paper, with its forty-five year history, is its customer-focused approach. We will always continue to be reliable business partner, produce to highest standards, maintain our growth targets, and develop innovative solutions that create value for our customers.

Growing together

Olmuksan International Paper is one of the major players in corrugated packaging market in Turkey. As Europe's seventh largest corrugated cardboard packaging market, the country is an area of long-term investment for International Paper.



INTERNATIONAL PAPER IN BRIEF

- With its history of well over a century, International Paper is a world leader in paper and packaging.
- Headquartered in Memphis, Tennessee, USA; serving customers in over 24 countries.
- Ranked Number One in Fortune Magazine's World's Most Admired Companies list 11 times in the past 12 years.
- Chosen World's Most Ethical Company for seven consecutive years by the Ethisphere Institute.
- Awarded the Climate Leadership Award by the USA's Environmental Protection Agency in 2011.
- Reduced water use by 8% and waste sent to landfill by 20% globally since 2010.
- Planted approximately 10 billion trees and donated 1.5 million hectares of forestry land for conversation.
- 100% of its timber-based raw material is certified from lawful and monitored sources.
- Reduced greenhouse gas emission by 73% in Europe since 1990.
- Meets 71% of its global energy needs with renewable biomass.

THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET ANONİM ŞİRKETİ To be held on 26th March 2014

1. Opening and constitution of the Presiding Board
2. Reading and discussion of the annual Activity Report which has been prepared by the Board of Directors for the year 2013
3. Reading of the Reports of the Independent Auditor for the year 2013
4. Giving information to the General Assembly about the donations and allowances made during the year 2013
5. Reading, discussion and approval of the Financial Statements for the year 2013
6. Approval of the appointment which has been made to the place vacated in the Board of Directors during the activity year
7. Discharge of the members of the Board of Directors from their activities of the year 2013
8. Termination of the existing Dividend Distribution Policy and the approval of the new Dividend Distribution Policy
9. Determination of the use of the profit and decision on dividend distribution
10. Determination of the fees of the members of the Board of Directors and the rights such as remuneration, bonus and premium for the year 2014
11. Election of the Independent Auditing Firm for the year 2014
12. Determination of the upper limit for donations and allowances to be made by the Company in the year 2014
13. Giving permission to the members of the Board of Directors as per Articles 395 and 396 of the Turkish Commercial Code in order for them to do transactions which are within the scope of the Company in their own name or on behalf of third parties and to be shareholders in companies dealing with these kinds of transactions and to do other transactions

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET ANONİM ŞİRKETİ

Dear Shareholders,

Economically, 2013 was a challenging year in most parts of the world. Only in the second half global activity and trade picked up and the Eurozone slowly began turning the corner from recession to recovery. Turkey's economy picked up from prior year in the first part of 2013 and annual growth is estimated at close to 4% versus a global growth rate of around 2%. However, the second half of 2013 already showed signs of an economic slowdown with increasing inflation and reduced growth in industrial production. 2014 will likely be characterized by a certain level of continued uncertainty and cautious business management will be critical.

Against that backdrop, Olmuksan International Paper, the largest manufacturer of corrugated packaging in Turkey, further strengthened its position by pursuing new market development and providing innovative and value-added solutions to its customers. Despite continued market pressures, Olmuksan International Paper achieved solid operating results. Its market share was approximately the same as in the previous year.

2013 also was a transition year for Olmuksan International Paper following the acquisition of all of Sabanci's shares in the company by International Paper. The integration with International Paper's systems, processes and management structure has been ongoing during the year and has been completed successfully. Per the share purchase agreement, the company also changed name and now goes to market as "Olmuksan International Paper". Olmuksan International Paper stands for the powerful combination of the proud and successful 45-year heritage of Olmuksa, and the global expertise and experience of International Paper, the number one player in the paper and packaging market worldwide. Along with the company name, the corporate visual identity also changed and reflects our innovation and creativity and our image as dynamic company.

In 2014, the key focus for Olmuksan International Paper will be to further strengthen its competitive position through selected investments in enhancing capabilities as well as reducing costs and improving efficiencies to offset inflation.

On behalf of the Board of Directors, I would like to extend my sincere thanks to our employees for their hard work and commitment to continuously improve the performance of Olmuksan International Paper, to our shareholders for their continued support, to our customers for their loyalty and to our suppliers and other business partners for the trustful cooperation. I am confident that the best years are ahead of Olmuksan International Paper.

Sincerely,

Jonathan Edward Ernst
Chairman

Dear Shareholders,

The past year has been a satisfactory business year in terms of our financial results and operational efficiency along with significant changes.

However, the significance of the year 2013 in the history of Olmuksan International Paper is that the company became part of International Paper, the world's largest paper and packaging company in the fields of Paper and Packaging, and we have reconfigured our market strength thanks to the global expertise of International Paper.

The market displayed an uneven trend in the year of 2013, and despite the paper costs increasing unprecedentedly, our company succeeded to display a performance similar to that of the previous year. Corrugated cardboard consumption is still relatively low in our country when compared to the Western European countries, and this constitutes a very significant potential for those who are focused on creating a new market. In the coming years we anticipate attractive growth figures for both Turkish economy and the packaging consumption. Being one of the major players in its respective sector with innovative and customer oriented solutions, Olmuksan International Paper has done many successful works in 2013 which made a great deal difference in the market. While creating new markets, value added solutions have been provided for our customers in such works, and our efforts in line with our principles of sustainability have also been maintained.

In 2013, our company has utilized nearly 100% of its paper manufacturing capacity, and 75% of its corrugated cardboard manufacturing capacity, and increased its corrugated cardboard sales by 6.5%. In terms of financial results of 2013, the annual turnover of Olmuksa has been recorded as TL 444.6 million, its operation income as TL 22 million, and its net profit as TL 16.7 million. While the total value of the investments intended for capacity improvement and technological innovation was TL 12.8 million, our strategic investments regarding those areas will continue in 2014 as well.

We anticipate a growth for corrugated cardboard sector in 2014 in parallel to that of Industrial growth. The fact that the awareness for environment and hygiene issues in our country has increased on the part of the consumers in recent years indicates a very significant opportunity for the corrugated cardboard consumption per person to reach the level of European countries.

Our main objective for 2014 is to create new markets through value adding innovative solutions and products by staying closer to our customers, providing the best possible service for our customers and consolidating our market leadership. Efforts intended for improving our operation efficiency will also strengthen our financial and competitive structures and help maintain our sustainable profitable growth. We owe our successful performance and results to the highly dedicated Olmuksan International Paper employees. I would like to extend my thanks and gratitude to my colleagues, our customers and all our shareholders who support our company.

Ergun Hepvar
General Manager

Jonathan Edward Ernst
Chairman
(January 2013-March 2015)

Jean-Marc Henri Anne Servais
Vice Chairman
(November 2013 - March 2014)

Vincent Bonnot
Vice Chairman
(January 2013-November 2013)

Kristien Florentine Maria Kaelen
Member
(January 2013-March 2015)

Danny Camiel Marguerite Pieters
Member
(January 2013-March 2015)

Metin Ünlü
Member
(May 2012-May 2015)

Atıl Saryal
Member
(May 2012-May 2015)

Jonathan Edward Ernst Chairman
Vice President & General Manager, International Paper EMEA Packacing

Jonathan Edward Ernst has been Vice President & General Manager of International Paper's corrugated packacing business in the Europe, Middle East & Africa region (EMEA) since August 2012. In that position, Mr. Ernst has leadership responsibility for the company's European corrugated packacing business, which generates annual net sales of over 1.3 bilion US$, employs some 4500 people and operates 26 corrugated box plants and three containerboard and recyled paper mills in France, Italy, Spain, Morocco and Turkey. Mr. Ernst joined International Paper as part of the company's merger with Union Camp in 1999. Prior to being appointed to his current posstion, he served as Vice President & General Manager of the company's imaging Papers business in the United States, and before that, as Director of Finance and Strategic Planning for North American white papers business. Mr. Ernst is the Chairman of Olmuksan International Paper since January 2013. He also serves on the Board of Directors of FEFCO, the European Federation of Corrugted Board Manufacturers. Mr. Ernst holds an MBA from the Universty of Virginia and BA in Political Science from Vanderbilt University.

Jean-Marc Henri Anne Servais Vice Chairman

Jean-Marc Servais has been Finance Director for International Paper's corrugated packaging business in Europe, the Middle East & Africa, since November 2013. Prior to joining International Paper in 2009 as EMEA Tax Director, Mr. Servais worked in Finance roles at Guardian Industries, RR Donnelly, FedEx, KPMG and Ernst & Young. Mr. Servais holds a BA in Economics from the ICHEC ("Institut Catholique des Hautes Etudes Commerciales") in Brussels, Belgium and a BA in Tax from ESSF ("Ecole Supérieure des Sciences Fiscales") in Brussels, Belgium.

Vincent Bonnot Vice Chairman

Vincent Bonnot graduated from Institut d'Etudes Politiques de Paris. He has worked in International Paper Company since September, 2008. He was appointed as member of the Board of Directors and the Vice Chairman of our Company in January, 2013 and resigned on 8 November 2013.

Danny Carniel Marguerite Pieters Member

Danny Pieters has been the Director of Global Sourcing for the Europe, Middle East & Africa region at International Paper since November 2010. Prior to joining International Paper, Mr. Pieters was Global Sourcing Director at Bekaert NV, a global steelwire producer and before that he was Strategic Management Consultant at PricewaterhouseCooper's in their Supply Chain practice. Mr. Pieters holds Master's degrees in Civil Engineering / Electro-mechanical engineering and Industrial Engineering from the VUB (Vrije Universiteti Brussel) in Brussels, Belgium. He is also a graduate from CEDEP's General Management Program at INSEAD in France.

Kristien Florentine Maria Kaelen Member

Kristien Kaelen has been the General Counsel for the Europe, Middle East & Africa region at International Paper, since July 2008. Prior to joining International Paper in 1999, Ms. Kaelen worked as lawyer at Allen & Overy and Clifford Chance in Belgium. Ms. Kaelen holds a Master's degree in Law (with honors) from KUL University in Leuven, Belgium and a postgraduate degree in International Studies from the University of Vienna in Austria. Ms. Kaelen is qualified at the Brussels bar and is a member of the IBJ (Belgian in-house counsel association).

Atıl Saryal Independent Member

Atıl Saryal was born in 1938, Ankara. After completing his elementary and intermediate education in Ankara, Saryal took his engineering degree at University of Texas. Saryal began his professional life within banking sector. Subsequently he was transferred to Sabancı Group and conducted general management of Adana Sasa and Marsa. Saryal had memberships in various executive boards. Afterwards, he was assigned to be the president of Food and Retail Business Unit. Saryal was retired from Business unit presidency in 2002 and from all executive board memberships in 2004. He was appointed as independent member of Board of Director of our company on May 23, 2012.

Metin Ünlü Independent Member

Metin Unlu born at July, 17 1956, graduated from Middle East Technical University Faculty of Management Science. He worked for Unilever as a manager and director in the Netherlands, South Africa, Indonesia and Turkey He is a board member of our company since May 2012. He was appointed as independent member of Board of Director of our company on May 23, 2012.

1.	*Çorlu Plant General Manager*	Tamer Parla
2.	*Adana Plant General Manager*	Mustafa Cirit
3.	*Trade Director*	Tankut Özcan
4.	*Bursa Plant General Manager*	Hikmet Şakar
5.	*Purchasing and Logistics Director*	Muharrem Aytaçoğlu
6.	*Gebze Plant General Manager*	Yılmaz Selçuk
7.	*İzmir Plant General Manager*	Osman Yeşilpınar
8.	*Operation Director*	Semih Çelebi
9.	*Human Resources Director*	Betül Akol
10.	*General Manager*	Ergun Hepvar
11.	*Finance Director*	Selda Ercantan Aksoy
12.	*Strategy and Paper Director*	Serdar Çiloğlu
13.	*Çorum Plant General Manager*	Özay Özdemir

Ergun Hepvar

Ergun Hepvar was born on 07.01.1971 in Ankara, received bachelor's degree from the Computer Engineering Department of METU (ODTÜ) in 1992, and M.B.A degree from U.C. Berkeley, Haas School of Business in 1999. He began working for Lever Temizlik Maddeleri A.Ş., a subsidiary of Unilever Group in 1992 as an Information Systems Analyst, and continued as the Packaging Materials Purchasing Director in the same company. In USA, where he traveling in 1997 for master's degree education, he began working as a Senior Consultant at Supply Chain Strategic Consultancy department at the San Francisco office of Ernst & Young in 1999, and completed his consultancy career as a Manager in the Supply Chain Strategy Department of Boston based C-bridge Solutions company. As the Global Program Director in Purchase Order and Inventory Management department of Apple Computer, he managed global projects for supporting purchase orders with current inventories. In 2003, he returned to Turkey, began to work for TNT Logistics (currently Ceva Logistics) as Assistant General Manager responsible for technology and processes, and acted as a Member of the Board. In 2005, he joined Sabancı Holding as Chief Information Officer, and worked under the CEO and Group Chairmen in Sabancı Group for the reorganization of the administration of Information Technologies function. In 2010, he began working for Akçansa Cement as Assistant General Manager responsible for Logistics, Purchasing and Alternative Fuel Business Development, and during the 2.5 years of duty, as well as his other responsibilities, he accomplished projects that would reinforce the leading status of Akçansa on alternative fuel usage.

Selda Ercantan Aksoy

She was born in 1970 and she graduated from Business Engineering Department of Bilkent University. She completed her graduate education at George Washington University at Washington D.C. She has been working for our company since July 1994. She was assigned to her current duty, Director of Finance, on 01.07.2008.

Serdar Çiloğlu

He was born in 1960. He received bachelor's degree from İTÜ School of Business Engineering, and MBA degree from The University of Louisiana at Monroe, USA. He has been working for our company since 2006. He has been working as the Director of Strategy and Paper since January 2014.

Semih Çelebi

He was born in 1968, graduated from Anadolu University MMF, Industrial Engineering department, and has been working for our company since 13 September 1993. He has been working as the Director of Operations since April 2012.

Tankut Özcan

He was born in 1972 and he graduated from the Economy Department of Istanbul University. He has been working for our company since 07.01.2013. He was appointed as the Director of Trade in January 2014.

Betül Akol

She was born in 1967 and graduated from Marmara University, Atatürk Faculty of Education, Foreign Languages School, French Language and Literature Department. She completed Boğaziçi University Human Resources Management Program. She has been working for our company since 23.02.1989 and was appointed as Human Resources Director on 29 March 2013.

Muharrem Aytaçoğlu

He was born in 1963 and he graduated from the Mechanical Engineering Department of Istanbul Technical University. He completed his Master's Degree Education in Mechanical Engineering Department of Boğaziçi University. He has been working for our company since 1989. He was appointed as the Director of Purchasing and Logistics on 29 March 2013.

Mustafa Cirit

He was born on 06.02.1970, and graduated from Dokuz Eylül University, İ.İ.B.F, Business Administration department. He has been working for our company since 02.05.2003.

Hikmet Şakar

He was born on 20 April 1966 and he graduated from the Communication Arts Department of Anadolu University. He completed his master's degree education in Anadolu University Communication Arts (Advertisement and Public Relations) department. He has been working for our company since 12.08.1991 .

Tamer Parla

He was born on 20.04.1967 and he graduated from the Business Administration Department of Marmara University. He has been working for our company since 23.12.1991 .

Özay Özdemir

He was born in Afyonkarahisar and he graduated from the Business Engineering Department of Istanbul Technical University. He completed his Master's Degree Education in the Economy Department of Boğaziçi University. He has been working for our company since 02.05.2000.

Yılmaz Selçuk

He was born on 21 March 1973 and he graduated from the Mechanical Engineering Department of Boğaziçi University. He has been working for our company since 01.04.2000.

Osman Yeşilpınar

He was born on 02.03.1960 and he graduated from the Textile Engineering Department of Ege University. He has been working for our company since 05.05.1988.

1) Period of the report

January 1,2013 - December 31,2013

2) Title of The Company

Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş.

3) Board of Directors

- Jonathan Edward Ernst - Chairman
  Duty Period (January, 2013 - March 2015)
- Jean-Marc Henri Anne Servais(*) - Vice Chairman
  Duty Period (November, 2013 - March 2014)
- Kristien Florentine Maria Kaelen - Member
  Duty Period (January, 2013 - March 2015)
- Danny Camiel Marguerite Pieters - Member
  Duty Period (January, 2013 - March 2015)
- Atıl Saryal - Independent Member
  Duty Period (May, 2012 - May 2015)
- Metin Ünlü - Independent Member
  Duty Period (May, 2012 - May 2015)

(*) On November 8, 2013 Jean-Marc Henri Anne Servais has replaced Vincent Bonnot for the reminder of his appointed period as Vice Chairman of the Board of Directors.

Authority Limits :
Empowered with the authorities determined by the transactions listed in the Article XIII of the Company's Articles of Association.

4) Amendmends made to the Articles of Association

In order to be compliant to the 6102 numbered Turkish Commercial Code, Articles II, III, IV, VII, IX, XI, XII, XV, XVI, XVII, XIX, XX, XXI, XXII, XXIII, XXIV, XXV, XXVI, XXVIII, XXX, XXXI, XXXIII of the Company's Articles of Association have been changed and approved at the Ordinary General Assembly hold on March 22, 2013.

5) Changes in the Company's capital within the period

There was no change in the capital

- Dividends distributed per share for the last three years:

No dividend was distributed in 2013 and 2012 in relation to the financial years 2012 and 2011. A dividend was distributed in 2011 in relation to the financial year 2010 (Net 52.143% per share).

- Shareholders with a share of more than 10% out of the issued capital :

I.P. Container Holdings (Spain), S.L. (%87.46)

In accordance with the Share Purchase Agreement, signed between International Paper Holding (Turkey) B.V., International Paper Company, I.P. Container Holdings (Spain), S. L. and H.O. Sabanci Holding Corporation on September 19, 2012. I.P. Container Holdings (Spain), S. L. has taken over all of the 1,425,713,901.50 shares owned by H.O. Sabancı Holding Corporation corresponding to 43.73% of the capital of the company, at a cost of 101.23 million TL, as of January 3, 2013.

As a result I.P. Container Holdings (Spain), S. L. controlled the company directly and indirectly.

On December 11, 2013, International Paper Holding (Turkey) B.V. in liquidatie (i.e. "in liquidation") distributed its 1,425,713,901.50 shares as liquidation proceeds to its sole shareholder, I.P. Container Holdings (Spain), S.L.

6) Securities issued within the period

No securities were issued within the period.

7) The sector and the position within the sector

The company, with a capacity of 98,000 tons/year of recycled paper and 432,000 tons/year of corrugated production, has been operating in the sector of corrugated since 1968. The company collects the waste fiber as raw material for its Edirne and Çorum Paper Mill and converts the manufactured papers into corrugated boxes in its Gebze, İzmir, Adana, Çorlu, Çorum and Bursa Plants.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EDIRNE MILL

The Paper Mill established in Edirne in 1977 is the first private paper mill with a large capacity in the field of corrugated board. With annual production capacity of 80,000 tons, the plant is located on a total area of 380,000 m^2 with a covered area of 21,000 m^2. The Edirne Mill, which converts waste fiber into fluting and linerboard through the use of sophisticated technology, supplies paper to our corrugated box plants in Gebze, İzmir, Adana, Bursa and Çorlu. To support the mill's sensitivity and responsibility for the environment, waste water used in the manufacturing process is thoroughly treated.

GEBZE PLANT

The Gebze Plant started to operate in 1968 and successfully serves the domestic and international markets by converting corrugated board into corrugated packaging. The plant was renovated in 1977, 1983, 1987, 1994 and 2005. This plant, the first corrugated board and box factory of Olmuksan International Paper, is located on a total area of 59,196 m^2 with 21,500 m^2 of covered area. Gebze Plant produces micro wall (E), thin wall (B), thick wall (C) and combinations of double wall and triple wall corrugated by making use of today's newest technology. The plant is well equipped to produce standard boxes and speciality corrugated boxes through the use of specialized cutting dies. The plant produces a spectrum of products ranging from flexographic printed boxes to offset printed luxury packing boxes with varnish, lacquer and cellophane.

IZMIR PLANT

The Izmir Plant was introduced in 1985 with a total area of 49,100 m^2 and 14,500 m^2 of covered area. Izmir manufactures thin wall (B), thick wall (C) and combinations of double wall corrugated to meet the demands of domestic and foreign markets, specialized corrugated board applications (ie: impregnating) and coating and double flute corrugated used in the packing of fresh fruit and vegetables. In the plant standard boxes and die-cut special packages are produced wtih great care. The plant was modernized in 2008.

ADANA PLANT

The Adana Plant was established in 1992 to serve the customers in Central Anatolia, South-Eastern Anatolia and the Mediterranean regions. The flexographic printed multicolor packages manufactured in this modern plant are of the highest quality, which is especially important in this geographical region where citrus boxes are gaining importance. Established on covered area of 14,000 m^2 and a total area of 45,000 m^2, the plant is equipped with the most sophisticated technological facilities and serves both domestic and international markets with corrugated products ranging from standard boxes to fresh fruit and vegetable boxes.

BURSA PLANT

The Bursa Plant established in 1995 as "Kav Ambalaj Sanayi ve Ticaret A.Ş." is located in Inegöl Industrial Zone. It joined our organization on December 28, 2001. The plant is situated on a total area of 72,789 m^2, with a covered area of 25,974 m^2. Thin wall (B), thick wall (C), micro wall (E) and double wall corrugated boards were manufactured in the facility. After the fire at Bursa plant on August 6, 2006 Bursa plant was rebuilt and the production activities started again with modern machinery and equipments in 2007.

MANISA PLANT

Manisa Plant, which started operation in 1997, has covered area of 4,500 m^2 and a total area of 7,500 m^2. Production is concentrated primarily on standard boxes.

ANTALYA PLANT

The Antalya Plant, which started test production in December 2007, has a covered area of 9.573 m^2 and a total area of 32.989 m^2. In accordance with the decision taken on June 3, 2013 by the Board of Directors, the Antalya branch, Antalya 56434-58697 record numbered, registered in Antalya Trade Registry Office has been decided to be closed from the date of June 3, 2013.

THE PLANTS

ÇORUM PLANT & MILL

Çorum Box Plant, which started production in 1976, has a covered area of 19,000 m^2. Operating with a capacity of 60,000 tons a year producing ACB (Tripleks), CB, C and B waves. Confection machinery to meet the needs of each type of box is equipped with advanced technology. In addition to Automotive, white Goods, electronics, durable goods and food sector, heavy duty packaging, provides customers with both cost and environmental contribution.

Çorum Paper Mill which was founded in 1979 and is located in the same complex as Çorum Box Plant has a capacity of 18,000 tons a year. Facility has 6000 m^2 closed area. By recycling waste paper the factory produces Fluting and Test Liner paper type and meets the needs of Çorum Box Plant. The current treatment plant is providing water purifying paper and preventing to reduce natural resources.

ÇORLU PLANT

Located in the Thrace region, Çorlu is in operation since 2002. It has a 14,936 m^2 closed area and a total area of 34,667 m^2. Facility is equipped with the technology and has a portfolio in producing standard box, die-cut box circular, flat die-cut box-and four-point slip in the box. The factory manufactures thin wave (B), thick wave (C) and double-wave (BC), corrugated 'sheets and cardboard boxes. With a variety of products service is provided in white goods, electronics, automotive parts, plastics, detergents, textiles, pharmaceuticals, hygiene products and food processing industries.

INVESTMENTS

More than 40 investment projects were performed in the year 2013 in our facilities in Adana, Bursa, Çorlu, Çorum, Gebze, İzmir and Edirne in the fields of strategic forecasts, maintenance-modification, cost reduction and improvement, work safety and environment.

Thanks to the machinery, automation, and equipment investments in our plants, improvements have been achieved in terms of printing quality, capacity increase, customer satisfaction and cost reduction, and in terms of reduction in energy density, workers' health and work safety, environment as well as and the preservation of natural resources.

Our investment thrusts in conformity with our sustainability principles, meeting our market / customer expectations, and intended for cost-saving by means of modernization will be carried on in 2014 and after.

Facility Capacities:

Corrugated capacity,
432,000 tons / year;

Confection capacity,
302,000 tons/year;

Paper capacity,
98,000 tons/year.

Ay Yıldız Design Award of the Year 2013

- Fresh box
- Fresh box stand

OLMUKSAN INTERNATIONAL PAPER in press

OLMUKSAN INTERNATIONAL PAPER HAS SHARED ITS NEW CORPORATE IDENTITY WITH ITS CUSTOMERS

Olmuksan International Paper has shared its new corporate identity with its customers in the events it organized in 5 cities of our country.

Olmuksan International Paper has exchanged the details of its renewed corporate identity with its customers in the events being attended by the senior managers and the sales staff of the company.

It has been indicated that the unique (“m”) symbol not only emphasizes the dynamic profile, innovation, and creativity of the Company, it further symbolizes the corrugated cardboard package, as being the main field of business and expertise of Olmuksan International Paper, with its green color symbolizing the company’s commitment to sustainability.

Having stated that Olmuksan International Paper will carry on offering all its customers high quality products and value-added solutions, and remain as a reliable business partner, Trade Director, Tankut Özcan, resumed his speech by saying that, “We cannot hide the excitement of opening a new page in the glorious history of our company today. This is a legacy with a promising and bright future.”

OLMUKSAN INTERNATIONAL PAPER ATTENDED TO THE “CAREER DAYS” ACTIVITIES

This year we attended the Career Days of the major Universities of Turkey in the months of April and May of the year 2013 with our new Corporate Identity. As Olmuksan International Paper, we attended to the Career Days activities with our Human Resources Staff, and with the General Directors of the Factories in the respective regions, and particularly to those being domiciled in the same regions of our factories, namely İzmir Dokuz Eylül University, Ankara Ortadoğu Technical University, İstanbul Technical University, Edirne Trakya University, Bursa Uludağ University, and Çorum Hitit University. We got together with the students in our stands by means of presentations, company introductions, and promotional gifts, and also exchanged knowledge with, and received the CVs of approximately 400 students. In addition thereto, we provided Silver Sponsorship Support to the BEST Engineering Competition, organized in Ankara Middle East Technical University.

YOUNG OLMUKSAN INTERNATIONAL PAPER PROJECT

Second of the “Young Olmuksan International Paper Project”, having been established so as to contribute not only to the recruitment of the persons to bring Olmuksan International Paper to future, but also to the individual developments, was organized this year. Thanks to the trainings being rendered by our trainer Aysim Altay, the workshop activities, and the feedbacks delivered to managers as well, the group started its activities in the beginning of the year 2012, and in 2013 finalized them within the desired period.

INTERNATIONAL PAPER IP WAY AND ROADMAP TRAININGS

First of the Roadmap Trainings, in which the International Paper practices are taught, was given to the Managerial Staff on December 4th – 5th, 2012, the same training was thereafter given to the Directors, and then to a group of 8 persons on December 6th – 7th, 2012, within the scope of the “Training of the Trainer”. Having visited all the regions in the year 2013, this group told all white collar employees of the Corporate Climate, Human Resources Practices and Processes. The same trainings were repeated by the Human Resources Staff in July during their regional visits.

OLMUKSAN INTERNATIONAL PAPER AMBALAJ SAN. TİC. A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Statement

Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. (hereinafter referred to as the "Company") complies the "Corporate Management Principles" published by the Capital Markets Board of Turkey ("CMB").

PART I - SHAREHOLDERS

2. Shareholders Relations Unit

Shareholder Relations Unit was established with the objective to hold the General Assembly Meetings of Shareholders, to organize the use of shareholders' rights and maintain of the minutes thereof, to represent the Company in front of concerned establishments and instructions, especially Capital Market Board and Istanbul Stock Exchange and to meet the information demands of the shareholders. The Unit follows up the arrangements made and to be made under Capital Markets Regulation and providing information to the public under the regulation ranging from capital increase to maintaining records of the shareholders and fulfillment of information requests. The personnel of said unit and their contact information is mentioned below.Within this period, all questions were answered in an e-mail and phone unit.

Reyhan Altınay
reyhan.altinay@ipaper.com
Tel: (216) 656 62 05
Fax: (216) 290 51 39
Address: FSM Mahallesi Poligon Caddesi Buyaka 2 Sitesi No:8 34471 ÜMRANİYE/İSTANBUL

3. Exercise of the Shareholders' Right to Obtain Information

Disclosures of special events and periodical financial statements are announced to the public through Istanbul Public Disclosure Platform ("PDP"). In addition, the shareholders have been informed on capital increase and distribution of dividends upon their requests.

Articles of Association of the Company do not include the right to request appointment of a special auditor. No demand was received from the shareholders in 2013.

4. General Assembly Information

During fiscal year, in accordance with the Internal Directive Regarding the Working Principles and Procedures of the General Assembly, prepared by Board of Directors, General Assembly of the Company held an ordinary meeting on March 22, 2013. Quorum at the General Meeting was 87.80%. For the General Assembly date, letters in the name of the holders have been sent; announcement has been made to Istanbul Stock Exchange on February 26 and is published in the Commercial Registry Gazette on February 27. The meeting started at the same time physically and electronically. Agenda items are discussed and agreed unanimously. Shareholders have used their rights to ask questions and the questions were answered during the General Assembly. No proposals besides the Agenda items are brought forward.

Articles of Association do not include any provision for authorizing General Assembly to take decisions on major transactions as selling, buying or renting material assets. Since the Board of Directors represents the will of the General Assembly, there was no requirement for such a regulation. Minutes of the General Assembly are presented to the interest of shareholders by publishing them in the Trade Register Gazette. As from April 2008, the said minutes has also been announced in the Company's web site located at www.olmuksan-ipaper.com .

5. Voting Rights and Minority Rights

Articles of Association of the Company do not grant any privileges on voting rights.

Articles of Association of the Company do not allow cumulative voting procedure. The method of cumulative voting procedure for the current partnership structure was excluded on the grounds that it might disturb the present harmonious management structure.

6. Dividend Payment Policy

The current Dividend Policy of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş is to distribute a minimum of fifty percent of the distributable profits of the Company to the shareholders. This policy can be reviewed by the Board of Directors considering the national and global economical conditions ,the investment projects and financial funds.

The potential new Dividend Distribution Policy of the Company, as decided by the Board of Directors on February 26, 2014 subject to approval by the Ordinary General Assembly Meeting of March 26, 2014, is that the Company will distribute no annual dividend and no advance dividend. This policy can be reviewed by the Board of Directors at any time for any reason as the Board will deem appropriate, such as but not limited to the national and global economic conditions, the investment projects and the Company's financial funds. Any amendment to this policy will be subject to approval by the General Assembly.

7. Transfer of Shares

I.P. Container Holdings (Spain), S.L. controls the company since December 11, 2013 directly and indirectly through its wholly owned subsidiary. Transfer of the shares of other shareholders is not subject to any restriction.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy of the Company

The Company discloses its 1.Half and 2.Half (which requires independent audit) and 1Q and 3Q (which does not require independent audit) financial statements and footnotes to the public through Istanbul Stock Exchange (ISE) and Capital Markets Board of Turkey (CMB). General Manager and Finance Director are responsible for disclosures to ISE and CMB. Names and titles of the authorized personnel were notified to ISE.

9. Disclosures of Special Cases

106 disclosures of special events were made in 2013 under the regulations of CMB and were published on the ISE platform. CMB and ISE did not demand any further explanation on respective statements.

Share certificates of the Company are not listed in a foreign securities exchange.

10. The Company's Website and Content

The Company keeps a web site, located at www.olmuksan-ipaper.com. The web site address is also announced on letterheads of the Company.

Information about the Company is provided in details in the web site. Annual Report of the Company can be obtained in hard copy as well as accessible at our web site.

In addition, the information about commercial registry and registration, shareholder and structure, the preferential shareholders, disclosures of special cases, the agendas and minutes of the General Assembly meetings are provided in the web site. CMB's corporate governance principles, section 2 Article 1.11.5 in the information listed at the website given.

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder or Shareholders

None of the Company's partners is an ultimate controlling individual shareholder.

12. Public Disclosure of the Persons Who Can Have Insider Information

List of the personnel who can potentially possess insider information about the Company has been given under the heading "Members of the Board of Directors and Management Executives "in the annual report and disclosed to the public through the annual report.

Personnel of the Company were notified in writing not to disclose the said insider information to any outsider persons or businesses. Furthermore, a confidentiality agreement was entered into by the personnel of the Company. In this regard, the ethical rules approved and announced by the Board of Directors, are applicable.

PART III – STAKEHOLDERS

13. Company Information Policy Regarding Stakeholders

Personnel: Open and honest communication is supported among all employees of the Company. Written, oral and electronic communication platforms were set up to enable the personnel of the Company to share information.

Communication channels are as follows: top management meetings, department meetings, information sharing meetings, e-mail system, notice boards, personnel satisfaction questionnaire, personnel manual, company bulletin, open door policy, etc.

Customers: Information about the products and services supplied by the Company (i.e. offers, quotations, quality report, etc.) is sent to customers upon their demand. In case of customer complains of a product or service, it will be settled pursuant to the ISO 9001 rules and through the relevant procedures.

Suppliers: Goods and services are purchased from suppliers with or without a contract in accordance with the relevant specifications of the Company and with the applicable laws (i.e. Social Security, Taxation, Safety regulations). Meetings are held with suppliers for goods and services purchased at regular intervals to inform the relevant policies and procedures of the Company and to enter into annual contracts with suppliers. The said contracts are executed in such a manner to protect the rights and interests of both the Company and its suppliers.

In case a dispute arises in connection with such contract, it is settled pursuant to the Company's procedures developed in accordance with the ISO 9001. Approved suppliers are included in the List of Approved Suppliers, and assessed and inspected at regular intervals.

None of the members of the Board of Directors except the independent members, are paid by the Company. The Company did not lend money, issue loan, extend the terms of existing loans and credits, improve the conditions of thereof, issue loan through a third person or provide any warranties to a member of the Board in 2013.

14. Stakeholders' Participation in the Company Management

About the personnel; through the rewarding system for new ideas, information sharing meetings and personnel satisfaction questionnaire are reviewed at meetings held by the Executive Management.

About the customers; through customer satisfaction questionnaire and field surveys are reviewed at meetings held by the Executive Management.

Approved suppliers' assessments made according to the "Goods and Services Purchasing Procedure", along with the data collected about them through field surveys are reviewed at meetings held by the Executive Management. değerlendirilmektedir.

15. Company Policy on Human Resources

Our human resources policies are designed to create an enthusing and elating work environment for our employees, to generate employee engagement being the major factor of the constant success of our Company, to employ customer-oriented, socially responsible employees, attaching satisfaction as particular importance to ethical values, and to provide them opportunities for developing their knowledge, skills, and abilities, revealing their potentials, displaying superior performance, and for improving their careers.

Our human resources policies have been regularly revised, in a way contributing to the business strategies of our Company, and in conformity with the requirements of our organization, and are exchanged with all our employees.

All applications and processes of human resources are in conformity with, and contribute to the human rights, intending not to make any discrimination on the basis of equality.

Industrial Relations

Our Company acts in conformity and respect with the applicable laws and regulations, and within the framework of IP Codes of Conduct and the ethics of the firm. Our Company is attentive to maintain the peaceful atmosphere in the enterprise within the framework of the mutual trust between its employees, and the trade unions thereof, and by way of acting in accordance with the requirements of the applicable regulations and the collective labor agreement.

Within the framework of the Industrial Relations Policy of the Company, trade unions are regarded not as the "counterparties", but as the "social partners", and the relations established with them are therefore configured on the basis of the benefits of the employees. It is also another one of the goals of the Company to cause the social stakeholders work in better conditions.

Social benefits applicable within the scope of the collective labor agreement to the employees in the Company are as follows:

- The Company applies bonus of 4 wages to its employees
- Increase for working in night shift
- Seniority increase for once per each passed year of seniority
- Vehicle and dining allowances applicable in the company in the form of benefits in kind
- Maternity and marriage benefits, and child and education allowances in addition to the aforesaid
- Social reliefs
- Sickness and funeral allowances
- Annual right of leave is determined in the Collective Labor Agreement as longer than the legal right of leave.
- Wage equivalence of overtime, weekend holiday, national holiday, and general holiday is determined in the Collective Labor Agreement as much more than those stipulated in the respective legal provision.

The Collective Labor Agreement for the term of January 1st, 2012 – June 30th, 2014 to be applicable for all of our employees (disregarding their trade union memberships), who work within the Company, and pay contribution fee, has been undersigned on February 28th, 2013.

16. Information about the Relations with Customers and Suppliers

Sales representatives visit the customers at regular intervals, and then the results of the said visits are discussed at regional level. Data collected through regular customer satisfaction surveys are used as a basis to develop and implement improvement plans. A Sales and Marketing Meeting is held once a year to gather all sales and marketing teams, to determine the customers' needs and expectations, and to develop the necessary improvement plans. Problems reported by customers at after-sale stage are assessed and solved by applying the "Customer and Supplier Complaint Procedure". Applied under the Quality Management System, the said procedure defines the measures to be taken to ensure customer and supplier satisfaction.

17. Corporate Codes of Ethics and Conduct

Corporate codes of ethics and conduct, applicable in International Paper-worldwide, have been adopted in order to state the main values and standards, on the basis of which our business is being operated. They further constitute guidance, which is helpful for us to find our way successfully when facing ethical difficulties. Codes of ethics of our Company constitute the basis of the type of behavior we have adopted not only among each other, but also before our customers, investors, and suppliers.

Our main Values

1) **Commitment**

We are committed to doing what is in the best interest of our shareholders, the Company and each other. We protect the health and safety of our employees and support the welfare of the communities in which we operate.

2) **Ownership**

We are each individually accountable for following the spirit as well as the letter of the laws that apply to IP. Each of us will follow the law wherever we operate and uphold the highest ethical standards of conduct on the job.

3) **Respect**

We treat others with respect and dignity and believe in diversity of thought, culture and background. We deal fairly with suppliers, customers and other business partners. We manage natural resources responsibly.

4) **Excellence**

We pride ourselves on operational excellence, and we exercise integrity when managing the information and assets that are at the heart of our business. We also treat the resources of others with propriety, demonstrating our commitment to ethical excellence.

The Environmental and Occupational Health and Safety Policy of the Company:

Our main strategies mainly focus on manufacturing our products in a healthy and safe working environment, using natural resources smartly and improving our performance on environment protection continuously.

Considering this basic point, we all wish and commit to continuously prevent main reasons of occupational accidents and our potentially negative environmental affects and behaviors and conditions causing these.

We adopt the below principles in all our production processes at our paper and container plants to reach these targets:

• In accordance with all laws, regulations, expectations of our customers and other provisions our Company has agreed on occupational health and safety and protecting environment, and with the principle of constant development, eliminating or minimizing all negative affects of activities on environment and human.

• For creating an accident free and hygienic working environment by avoiding health loss for everyone we're working together; to determine our risks and environmental effects and reduce them to acceptable levels.

• To provide recycling for reducing our wastes and making a contribution to protect natural resources and to minimize material, energy and water consumption by following proper procedures.

• Using the possible best technologies for safe and environment sensitive production.

• To make all workers aware of environment and security responsibilities awareness and providing to be done what's necessary as parts of agreements

• To be in cooperation with Customers, legal organizations and Society within these principles, to notify the requirements of our policy to all our material and service providers and to help them for their improvement on these subjects.

Our Company holds ISO9001 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety Management System Certificates. Moreover, while our Gebze, Adana and Bursa plants hold BRC-IOP Food Packaging Management certificate, our Çorum facility is the only plant in the sector having ISO/TS:16949 Technical Management certificate. Our Edirne paper plant has deserved the right to obtain FSC Coc Forestry Management Council Protection Chain Certificate.

PART IV – BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

Members of the Board Of Directors:

Jonathan Edward Ernst
Chairman, Non-Executive

Jean-Marc Henri Anne Servais (*)
Vice Chairman, Non-Executive

Kristien Florentine Maria Kaelen
Member, Non-Executive

Danny Camiel Marguerite Pieters
Member, Non-Executive

Atıl Saryal
Member, Non-Executive

Metin Ünlü
Member, Non-Executive

* On November 8, 2013 Jean-Marc Henri Anne Servais has replaced Vincent Bonnot for the reminder of his appointed period as Vice Chairman of the Board of Directors.

Two of the members of the Board of Directors are independent.

The General Assembly has authorized the members of the Board of Directors to perform the activities and transactions described in Sections 395 and 396 of the Turkish Commercial Law.

Internal Directive of Board of Directors has been prepared in order to define the working principles and procedures of the Board of Directors of the company to be compliant with the laws, related regulations and the Company's Articles of Association.

19. Requirements for the Members of the Board of Directors

The Members of the Board of Directors comply with the qualifications described in paragraphs 3.1.1, 3.1.2 and 3.1.5 of Part 4 of the Corporate Management Principles; the Company's Articles of Association do not contain any rules on this issue.

20. Mission, Vision and Strategic Targets of the Company

Vision and mission of the Company was determined, and was announced to the public through the annual reports.

Our Vision:

To be one of the most respected and successful companies in the world.

Our Mission:

To improve the world, today and for generations to come, by using renewable resources to make products people depend on every day.

21. Risk Management and Internal Control System

Internal audit activities of the Company are performed by International Paper through direct reports to the Audit Committee.

The task of reviewing the risk management, internal control and audit findings action plans are assigned to the Director of Finance. Regarding the issue of "risk review", which was previously performed by the Corporate

Governance Committee, "Early Detection of Risk Committee" has been established in our Company as of October 30, 2013 under Article 4.5, "Committees Established under Board of Directors" of the Communiqué on the Establishment and Implementation of Corporate Governance Principles (Series: IV, No:56) of the Capital Markets Board. Early Detection of Risk Committee Duty and Operating Procedures has been issued in order to establish Early Detection of Risk Committee's duty and operating procedures, to determine the financial, operational, strategic etc. risks and opportunities that can affect Company's activities in this scope, to position, monitor and/or review them by calculating their impacts, to manage, direct and report potential risks and opportunities in parallel with Company policies, and to make recommendations to the Board of Directors of the Company.

22. Duties and Responsibilities of the Board of Directors and Executives

Duties of the members of the Board of Directors have been defined in the Articles of Association. Authority and responsibility for the management executives have not been specifically defined in the Articles of Association, but defined in the signature authorization document issued by the Board of Directors to the management executives.

23. Principles of the Activities of the Board of Directors

Board of Directors of the Company held 54 meetings within 2013, 4 of which were face-to-face meetings, the remaining 50 were held by obtaining written approvals from the members in accordance with the Turkish Commercial Law and the Articles of Association. Agenda of each Board of Directors meeting is prepared by the Chairman of the Board in consultation with the members.

In order to ensure that the members to have sufficient time to review and to be prepared for the issues set forth in each meeting agenda, Secretary of the Board of Directors distributes written copies of the agenda to the members one week before the meeting.

All members of the Board of Directors were ensured to attend the meetings where any of the issues defined in paragraph 2.17.4 of the Corporate Management Principles published by CMB were discussed, except for the ones who were absent due to an acceptable excuse. None of the members present at the said meetings asked any questions, so that no questions were recorded in the meeting minutes. Members of the Board of Directors were entitled neither to cast weighted votes nor to veto resolutions passed on the above mentioned issues.

24. Principles of the Activities of the Board of Directors

None of the members of the Board of Directors made business as an individual with the Company or competed as an individual with the Company in the same business field.

25. Number, Structure and Independence of Committees Established by the Board of Directors

Committee members of the Company have been elected among the independent members.

The independent members of the Board can be the members of more than one committee.

Early Detection of Risk Committee has been established during the term. The committee may be composed of persons with expertise in the fields of accounting, finance, auditing, law, management, etc. All sorts of supply and support are provided by the Board of Directors for the Committee to act effectively. Corporate Governance Committee has transferred the duty of revising the "Risk Management Systems" to the Early Detection of Risk Committee. The members of the Corporate Governance Committee, Audit Committee, and those of the Early Detection of Risk Committee consist of two Board members, who are not assigned with executive duties. While the committee in charge of auditing assembled for four times in the year 2013, the Corporate Management Committee assembled for six times during the same period. No conflict of interest has been observed in any of the operations conducted by the Committees.

Committee Members Responsible for Corporate Governance:

Metin Ünlü,
Member of the Board of Directors

Atıl Saryal,
Member of the Board of Directors

Committee Members Responsible for Auditing:

Atıl Saryal,
Member of the Board of Directors

Metin Ünlü,
Member of the Board of Directors

Committee Members Responsible for Early Detection of Risk:

Metin Ünlü,
Member of the Board of Directors

Atıl Saryal,
Member of the Board of Directors

26. Remuneration of the Board of Directors

None of the members of the Board of Directors are paid by the Company. The Company is not entitled in any way to lend money, to extend any credits, to prolong the terms of existing loans and credits, to improve the conditions of thereof, and to extend credit under the name of any personal credit means through a third person or to provide warranties to a member of the Board in 2013.

"COMMON GOALS FOR THE COMMON GOOD"

Sustainability has been at the heart of International Paper's activities for over 115 years. We use renewable resources to make recyclable and carbon-storing products that consumers demand. Our approach to business not only focuses on performance but it is also sensitive to people and to the planet. We believe this will make us a better company with a sustainable future.

2020 Goals...

In 2012, we introduced our 2020 voluntary sustainability goals as the natural next step in demonstrating that we can make the products that matter people in a way that matters.

Our "Common Goals for the Common Good" include:

- 20% reduction in greenhouse gas emissions
- 15% improvement in energy efficiency in purchased energy
- 15% increase in third-party certified fibre volume
- Assess options to reduce the generation and disposal of manufacturing waste from our processes by 2013
- Accident-free workplace
- Measure and report on our charitable support in our communities
- Map water usage through our manufacturing locations and develop to reduce use

In keeping with our company's global commitments, Olmuksan International Paper are an active partner for the benefit of Turkish society, supporting various charitable activities in the fields of childhood and environmental education. Our focus in Turkey is to help enable healthier and happier lives for future generations with better access to the basic needs of life.

OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying balance sheet of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. ("the Company") as at 31 December 2013 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

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") 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 auditor's responsibility

3. 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. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement

   An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The 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. An 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.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

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

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, 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 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 30 October 2013 and it is comprised of 2 (two) members.

   The committee has met one time since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

   Additional paragraph for convenience translation into English

7. The financial reporting standards described in Note 2 (defined as "Turkish Accounting Standards") to the financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz

Partner

Istanbul, 27 February 2014

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BALANCE SHEETS
AT 31 DECEMBER 2013 AND 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2013	31 December 2012
ASSETS			
Current Assets		**206,294,814**	**187,547,948**
Cash and cash equivalents	6	6,141,945	9,172,727
Trade receivables		137,276,724	124,459,207
- Due from related parties	*7*	-	*1,746,950*
- Other trade receivables	*8*	*137,276,724*	*122,712,257*
Other receivables		29,252	22,180
- Due from non-related parties	*10*	*29,252*	*22,180*
Inventories	11	60,290,822	52,450,649
Prepaid expenses	13	1,581,493	1,192,127
Other current assets	30	974,578	251,058
Non - current assets		**123,020,025**	**118,176,405**
Investments in joint venture	4	10,207,664	9,592,967
Property, plant and equipment	15	109,623,458	106,729,587
Intangible assets	18	1,311,584	1,415,585
Prepaid expenses	13	1,877,024	437,971
Other non-current assets		295	295
TOTAL ASSETS		**329,314,839**	**305,724,353**

The financial statements as of 31 December 2013 have been approved by the Board of Directors of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. on 27 February 2014. The shareholders of the Company have the right to change financial statements and financial statements are subject to approval by shareholders at the annual general meeting.

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

BALANCE SHEETS
AT 31 DECEMBER 2013 AND 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2013	31 December 2012
LIABILITIES			
Current liabilities		**79,319,095**	**73,972,754**
Financial liabilities	25	31,028,175	31,724,314
Trade payables		41,164,698	28,830,553
- Due to related parties	*7*	*3,948,502*	*3,644,625*
- Other trade payables	*8*	*37,216,196*	*25,185,928*
Employee benefits payable	28	29,992	348,513
Other payables		189,856	2,881,618
- Due to non-related parties	*10*	*189,856*	*2,881,618*
Current income tax liabilities	41	1,858,943	3,571,799
Deferred revenue	13	772,561	301,110
Short term provisions		4,271,886	6,313,945
- Provision for employee benefits	*28*	*1,270,880*	*1,085,014*
- Other provisions	*26*	*3,001,006*	*5,228,931*
Other current liabilities		2,984	902
Non - current liabilities		**14,091,641**	**12,536,985**
Long term provisions		12,018,006	11,743,856
- Provision for employment termination benefits	*28*	*12,018,006*	*11,743,856*
Deferred tax liabilities	39-41	2,073,635	793,129
TOTAL LIABILITIES		**93,410,736**	**86,509,739**
EQUITY		**235,904,103**	**219,214,614**
Share capital	31	32,602,500	32,602,500
Adjustment to share capital	31	90,564,317	90,564,317
Restricted reserves	31	8,831,260	8,831,260
Other comprehensive income/ expense not to be reclassified to profit or loss		(1,555,359)	(1,547,802)
- Actuarial gain/ (loss) arising from defined benefit plans		*(1,555,359)*	*(1,547,802)*
Retained earnings		88,764,339	70,955,582
Net profit for the period		16,697,046	17,808,757
TOTAL LIABILITIES AND EQUITY		**329,314,839**	**305,724,353**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
Net sales	32	444,602,640	417,189,424
Cost of sales (-)	32	(362,984,499)	(330,082,492)
GROSS PROFIT	**32**	**81,618,141**	**87,106,932**
General administrative expenses (-)	34	(34,462,559)	(34,660,555)
Marketing, selling and distribution expenses (-)	34	(32,391,457)	(31,478,286)
Other operating income from main activities	35	10,953,895	10,270,064
Other operating expenses from main activities (-)	35	(3,623,415)	(5,604,635)
OPERATING PROFIT		**22,094,605**	**25,633,520**
Other income from investing activities	36	125,610	2,130
Other expenses from investing activities	36	(36,228)	(885)
Share in net (loss)/ profit of joint venture	4	614,697	(43,829)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**22,798,684**	**25,590,936**
Financial income	38	295,779	1,084,566
Financial expenses (-)	38	(2,260,737)	(4,541,732)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		**20,833,726**	**22,133,770**
Tax income/ (expense) from continued operations			
- Current income tax expense (-)	41	(2,854,285)	(5,758,409)
- Deferred tax (expense)/ income	41	(1,282,395)	1,433,396
NET PROFIT FOR THE PERIOD		**16,697,046**	**17,808,757**
Earnings per share	**42**	**0.5121**	**0.5462**
OTHER COMPREHENSIVE (LOSS)/ INCOME			
Items not to be classified to profit or loss			
- Actuarial gain/ (loss) arising from defined benefit plans	39	(9,446)	(1,192,599)
- Tax effect of other comprehensive income/ expense not to be reclassified to profit or loss	39	1,889	238,520
OTHER COMPHERENSIVE (LOSS)/ INCOME		**(7,557)**	**(954,079)**
TOTAL COMPHERENSIVE INCOME		**16,689,489**	**16,854,678**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Adjustments on capital	Restricted reserves	Other comprehensive income/(expense) not to be reclassified to profit or loss: Actuarial gain/ (loss) arising from defined benefits plan	Retained earnings	Net profit for the year	Total
PRIOR PERIOD							
Balances as of 1 January 2012 (beginning) - prior reported	**32,602,500**	**90,564,317**	**8,831,260**	**-**	**54,651,116**	**15,710,209**	**202,359,402**
Adjustments related to change in accounting policies (Note 2)	-	-	-	(593,723)	593,723	-	-
Balances as of 1 January 2012 (beginning) - restated	**32,602,500**	**90,564,317**	**8,831,260**	**(593,723)**	**55,244,839**	**15,710,209**	**202,359,402**
Transfers	-	-	-	-	15,710,209	(15,710,209)	-
Effect of the purchase of shares of the joint venture	-	-	-	-	534	-	534
Total compherensive income	-	-	-	(954,079)	-	17,808,757	16,854,678
Balances as of 31 December 2012 (closing)	**32,602,500**	**90,564,317**	**8,831,260**	**(1,547,802)**	**70,955,582**	**17,808,757**	**219,214,614**
CURRENT PERIOD							
Balances as of 1 January 2013 (beginning) - prior reported	**32,602,500**	**90,564,317**	**8,831,260**	**-**	**70,361,859**	**16,854,678**	**219,214,614**
Adjustments related to change in accounting policies (Note 2)	-	-	-	(1,547,802)	593,723	954,079	-
Balances as of 1 January 2013 (beginning) - restated	**32,602,500**	**90,564,317**	**8,831,260**	**(1,547,802)**	**70,955,582**	**17,808,757**	**219,214,614**
Transfers	-	-	-	-	17,808,757	(17,808,757)	-
Total compherensive income	-	-	-	(7,557)	-	16,697,046	16,689,489
Balances as of 31 December 2013 (closing)	**32,602,500**	**90,564,317**	**8,831,260**	**(1,555,359)**	**88,764,339**	**16,697,046**	**235,904,103**

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January – 31 December 2013	1 January – 31 December 2012
A. Cash flows from operating activities:			
Net income for the year		**16,697,046**	**17,808,757**
Adjustments:			
Depreciation and amortization	37	9,575,837	9,301,668
Interest income	38	(290,324)	(335,078)
Interest expense	38	2,242,867	4,147,368
Unrealized foreign exchange (gain)/ loss on borrowings		(8,417)	3,979
Employment termination benefits	28	1,799,196	2,179,802
(Reversals)/ Provisions		(1,476,499)	4,175,524
Share in profit of joint ventures	4	(614,697)	43,829
Gain on sale of property plant and equipment and intangible assets	36	(89,382)	(1,245)
Changes in allowance for doubtful receivables, (net)	8	1,522,219	2,792,460
Changes in allowance for impairment on inventory, (net)	11	(99,941)	747,130
Income tax expense	41	4,136,680	4,325,013
Changes in working capital:			
Change in trade receivables	8	(14,339,736)	(1,111,853)
Change in inventories	11	(7,740,232)	8,147,361
Change in other receivables and assets		(730,592)	1,292,774
Change in prepaid expenses	13	(389,366)	1,347,418
Change in employee benefit liabilities		(318,521)	(1,364,986)
Change in trade payables	8	12,334,145	(4,745,666)
Change in other payables and liabilities		(2,218,229)	1,655,426
Change in provisions		(565,560)	(375,846)
Cash flows from operating activities:			
Taxes paid	41	(4,567,141)	(3,515,996)
Interests paid	38	(2,242,867)	(4,147,637)
Interests received	38	290,324	335,078
Employment termination benefits paid	28	(1,534,492)	(1,793,575)
Net cash generated from operating activities		**11,372,318**	**40,911,974**
B. Cash flows from investing activities:			
Purchase of property plant and equipment	15	(12,747,899)	(10,346,805)
Proceeds on disposal of property plant and equipment		489,544	43,929
Purchase of intangible assets	18	(17,971)	(213,912)
Changes in prepaid expenses	13	(1,439,053)	471,105
Payments for purchase of shares of investment		-	(3,513)
Net cash used in investing activities		**(13,715,379)**	**(10,049,196)**
C. Cash flows from financing activities:			
Repayments of borrowings		(174,312,578)	(211,001,200)
Proceeds from bank borrowings		173,624,857	184,571,385
Net cash (used in)/ generated from financing activities		**(687,721)**	**(26,429,815)**
Change in cash and cash equivalents		(3,030,782)	4,432,963
Cash and cash equivalents at the beginning of the period		9,172,727	4,739,764
Cash and cash equivalents at the end of the period	**6**	**6,141,945**	**9,172,727**

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. (the "Company'') was established on 13th of August, 1958 with the name of Cam Soda Sanayi A.Ş. and the name of the Company was changed in 1963 with the new business corporation. The Company produces and sells various types of corrugated boxes since 1968. Our Company's name changed into Olmuksan International Paper Ambalaj Sanayi ve Ticaret Anonim Şirketi as of 26 March 2013, which change was published in the Turkish Commercial Registry Gazette under number 8290 on 1 April 2013.

Gebze, İzmir, Adana, İnegöl, Çorlu, Çorum Manisa and Antalya facilities produce various types and sizes of corrugated boxes and sold to a broad customer portfolio operating in different sectors, ranging from food to industry. The recycled paper is processed and converted into raw material in Edirne and Çorum Paper Mill. Edirne and Çorum Paper Mill provides some of the raw material of other plants. On 3 June 2013 the Board of Directors have decided to close down Antalya Plant, registered to Antalya Trade Registry Directorate by record number 56434 - 58697.

The Company's legal center address is FSM Mahallesi Poligon Caddesi Buyaka 2 Sitesi No:8 34471 Ümraniye-İstanbul. As of 31 December 2013, the Company has 941 employees (31 December 2012: 970). Shares of the company have been listed on İstanbul Stock Exchange since 1986.

The financial statements as of 31 December 2013 have been approved by the Board of Directors on 27 February 2014. The General Assembly and related legal authorities have the right to change financial statements.

At 31 December 2013, the Company's main shareholder who have the joint controlling authority is I.P. Container Holdings (Spain), S.L.. At 11 December 2013, International Paper Holding Turkey B.V. (in liquidation) transferred its shares of 1,425,713,901.50 to I.P. Container Holdings (Spain), S.L.. (31.12.2012: The Company's main shareholders and the parties who have the joint controlling authority are Hacı Ömer Sabancı Holding A.Ş. and International Paper Holding (Turkey) B.V., respectively.) International Paper Co. is the ultimate control.

In accordance with the Share Purchase Agreement entered into by and between International Paper Holding (Turkey) B.V., International Paper Company, I.P. Container Holdings (Spain), S.L. and H.Ö. Sabancı Holding Anonim Şirketi dated September 19, 2012, I.P. Container Holdings (Spain), S.L. acquired 1,425,713,901.5 shares in the Company, which correspond to 43.73% of the Company's share capital and which form the entirety of interest owned by H.Ö. Sabancı Holding Anonim Şirketi, for an amount of TL101.23 million on 3 January 2013.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards applied

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.2 Change in accounting policies, comparative information and revision of prior year financial statements

2.2.1 Changes in Turkish Financial Reporting Standards

a) Standards, Amendments and IFRICs applicable to 31 December 2013 year ends:

Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

Amendment to IAS 19, 'Employee benefits'; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

Amendment to IFRS 1, 'First time adoption', on government loans; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting¸; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

Amendment to IFRSs 10, 11 and 12 on transition guidance¸; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013.These annual improvements, address six issues in the 2009 - 2011 reporting cycle. It includes changes to:

IFRS 1, 'First time adoption',
IAS 1, 'Financial statement presentation',
IAS 16, 'Property plant and equipment',
IAS 32, 'Financial instruments; Presentation' and
IAS 34, 'Interim financial reporting'.

IFRS 10, 'Consolidated financial statements' ; is effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement'; is effective for annual periods beginning on or after 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

b) New standards, amendments and interpretations issued and effective as of 1 January 2013 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

c) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company:

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement'-'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria

IFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IFRS 9 'Financial instruments' - classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

Amendments to IFRS 9,'Financial instruments', regarding general hedge. These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Amendment to IAS 19 regarding defined benefit plans; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010 - 12 cycle of the annual improvements project, that affect 7 standards:

IFRS 2, 'Share-based payment'
IFRS 3, 'Business Combinations'
IFRS 8, 'Operating segments'
IFRS 13, 'Fair value measurement'
IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets'
Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
IAS 39, Financial instruments - Recognition and measurement'.

Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:

IFRS 1, 'First time adoption'
IFRS 3, 'Business combinations'
IFRS 13, 'Fair value measurement' and
IAS 40, 'Investment property'.

The Company will apply the above amendments, new standards and interpretations after considering the effects on its operations after effective date. The above amendments, new standards and interpretations are expected to have no material effect on the financial statements of the Company.

2.2.2. Comparative information and revision of prior year financial statements

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2013 on a comparative basis with balance sheet at 31 December 2012; and statements of profit or loss and other comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2013 on a comparative basis with financial statements for the period of 1 January - 31 December 2012.

The Company has made necessary classifications in accordance with decision taken at CMB meeting 20/ 670 held on 7 June 2013 regarding the announcement of the financial statements and footnote disclosures. Therefore, all current year changes have been applied to December 31, 2012 financial statements (see below).

Changes in balance sheet	***31 December 2012***
Other current assets (prior reported)	**1,443,185**
Prepaid expenses	(1,192,127)
Other current assets (revised)	**251,058**
Other non - current assets (prior reported)	**438,266**
Prepaid expenses	(437,971)
Other non - current assets (revised)	**295**
Provisions (prior reported)	**1,113,407**
Provisions for employee termination benefits	(28,393)
Provisions (revised)	**1,085,014**
Other payables (prior reported)	**3,201,738**
Social security premiums payable	(320,120)
Due to non - related parties (revised)	**2,881,618**

Changes in statement of profit or loss and other comprehensive income	***1 January - 31 December 2012***
Other operating income (prior reported)	**456,901**
Unearned finance income	8,587,279
Foreign exchange gain	1,048,137
Gain on property, plant and equipment sales	(2,130)
Interest income	179,877
Operating income from main activities (revised)	**10,270,064**
Other operating expense (prior reported)	**(2,313,591)**
Unearned finance expense	(1,829,588)
Foreign exchange loss	(1,462,610)
Loss on property, plant and equipment sales	885
Interest expense	269
Operating expense from main activities (revised)	**(5,604,635)**

2.2.3 Convenience translation of financial statements originally issued in Turkish

The accounting principles described in Note 2.1 to the condensed interim financial statements (Turkish Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005 as described in detailed in Note 2.1. Accordingly, the accompanying condensed interim financial statements are not intended to present the financial position and the results of operations and cash flows of the Company in accordance with IFRS.

2.3 Joint ventures

Joint venture are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company.The Company exercises such joint control through direct ownership interest held by itself.

Joint venture is accounted for using the equity method of accounting in accordance with IFRS 11 "Joint arrangements" alternative method (Note 4). Balances and transactions with related parties that are not subject to eliminations are presented in Note 7.

Joint venture's financial statements are prepared in accordance with Turkish Financial Reporting Standards which explained in Note 2.1 as of financial statements dates. Joint ventures operating results are included or excluded at the effective date of transaction dates of acquisition or disposal of the joint venture.

While the Company had 49,98 % of shares in Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. increased its share by acquiring 30 shares TL owned by TURSA A.Ş. and 1 share owned by EKSA Export Sanayi Mamül Satış A.Ş TL113,33 per share price for a total cost of TL3,513.23. The Company owns 50.00 % of Dönkasan and as of 31 December 2013, Dönkasan is classified as a joint venture in financial statements.

Joint venture	**Nature of** business	Other venturer	**Effective share** rate (%)
Dönkasan	Corrugated cardboard	Kartonsan Karton Sanayi ve Ticaret A.Ş.	50.00

2.4. Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies and accounting errors are applied on a retrospective basis as if a prior period error had never occurred or the policy had always been applied. The effect of change in accounting estimate shall be recognized prospectively by including it in the statement of profit or loss and other comprehensive income within the period of the change, if the change affects that period only; or period of the change and future periods, if the change affects both.

Changes in accounting policies effective after 1 January 2013:

With the result of application in IAS 19, "Employee Benefits" on a retrospective basis; as of 1 January 2012 and 2013 the actuarial losses, net of deferred tax, of the Company amounting to TL593,723 and TL1,547,802 that were recognised in general administrative expenses in the prior reported statement of profit or loss and other compherensive income, were recognised in "actuarial gain/ (loss) arising from defined benefit plans" in other comphrensive income and in the balance sheet, the related balances in the balance sheet were revised.

In paralel to arrangement above, as of 31 December 2012 the actuarial losses, net of deferred tax, of the Company amounting to TL954,079 that was recognised in general administrative expenses in the prior reported statement of profit or loss and other compherensive income, were recognised in"actuarial gain/ (loss) arising from defined benefit plans" and the related statement of profit or loss and other compherensive income and the statement of changes in equity were revised.

2.5. Summary of significant accounting policies

The accounting policies applied in preparation of the accompanying financial statements are as follow:

Revenue

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

If the sales transaction contains a financing element, the fair value of the sales is measured through discounting future collections using the effective interest method. The difference between the fair value and the nominal value of sales is recognized as finance income for the relevant period on an accrual basis.

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

The Company transfers all the significant risks and rewards of ownership of the goods to the buyer;

The Company has no continuing managerial involvement associated with the ownership or significant control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the Company; and

The costs incurred or to be incurred in respect of the transaction can be measured reliably

Dividend income is recognized by the Company at the date the right to collect the dividend is realized

Inventory

Inventories are valued at the lower of cost or net realizable value. Cost elements included in some of fixed and variable factory overheads. The cost of inventories is mainly determined on the first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/ (loss) in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

Property, plant and equipment

Property, plant and equipment obtained before 1 January 2005 are carried at the cost restated to the equivalent purchasing power at 31 December 2004 and the acquisition value of current period additions less accumulated depreciation and, if any, impairment.

Assets in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Company's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives.

The expected useful lives are stated below:

	Years
Buildings	40
Land improvements	10 - 20
Machinery and equipment	9 - 15
Motor vehicles	4 - 5
Furnitures and fixtures	8 - 10

Intangible asset

Intangible assets comprise rights and other intangible asset.

Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding five years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount. The recoverable amount is considered to be the higher of asset's net selling price or value in use.

Impairment of assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. The recoverable amounts of intangible assets not yet available for use to be masured annually. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level. The recoverable amounts of intangible assets not yet available for use, are estimated at each reporting date. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the statement of profit or loss and other comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognized.

Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

Liabilities or equity instruments related to share-based payment arrangements of the acquire or share - based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non -current Assets Held for Sale and Discounted Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Business combinations arising from transfers of the interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Company controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Company equity except that any share capital of the acquired entities is recognized as part of share premium. Any cash paid for the acquisition is recognized directly in equity. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not premeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquireee is premeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Financial instruments

<u>Financial assets</u>

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

Financial assets are classified into the following categories: financial assets as 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'

<u>Effective interest rate</u>

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

<u>Available - for-sale financial assets</u>

Investments other than held-to-maturity debt securities and held for trading securities are classified as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power.

Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written of fare credited against allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Other financial liabilities

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

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

Foreign currency transaction

In the statutory accounts of the Company, transactions in foreign currencies (in Turkey, currencies other than Turkish Lira) are translated into Turkish Lira at the rates of Exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the Exchange rate ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on settlement and translation of foreign currency items are included in the statement of income.

Earnings per share

Earnings per share disclosed in the accompanying statement of profit or loss and other comprehensive income are determined by dividing net income by the weighted average number of shares in existence during the year concerned.

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

Events after the balance sheet date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Company (should any evidence come about events that were prior to the balance sheet date or should new events come about) will be explained in the relevant note.

The Company; restates its financial statements if such subsequent events arise.

Provision, contingent liabilities, contingent assets

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

The amount recognized as a provision is the best estimate of the consideration required to the settle the present obligation at the balance sheet date, taking into accounts the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Related parties

If financial statements, important personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries are all accepted and denoted as "related parties" (Note 7).

Taxation and deferred tax

Income tax expense represents the current tax and deferred tax expenses.

<u>Current tax</u>

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

<u>Deferred tax</u>

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

<u>Current and deferred tax for the period</u>

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

Employee benefits/ Severance pays

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Statements of cash flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from petroleum products sales of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

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

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Critical accounting judgments and estimations

In the process of applying the entity's accounting policies as outlined in Note 2.2, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

At the determination of useful lives, allowance for the inventory (Note 11) and doubtful receivables (Note 8),

The management has made some judgments. The management reviews the receivables due dated over 90 days and determines the allowance for the doubtful receivables.

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities.

Deferred tax liability is calculated from all temporary differences; however deferred tax asset is calculated if and only if it is probable that all of the deferred tax assets will be realized (Note 41).

2.6. Offsetting

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

2.7. Declaration of conformity to TAS / TFRS and policy settings issued by POAASA

The Company management is responsible for preperation and fairly presentation of the financial statements in accordance with TAS / TFRS and Turkish Accounting Standards issued by POAASA. We state that the financial statements of prior year and current year and summary of significant accounting policies and explanatory notes are prepared and presented in accordance with TAS / TFRS.

NOTE 3 - BUSINESS COMBINATIONS

None (31 December 2012: None).

NOTE 4 - INTERESTS IN OTHER ENTITIES

	31 December 2013		31 December 2012	
	(%)	TL	(%)	TL
Dönkasan	50.00	10,207,664	50.00	9,592,967
Total		**10,207,664**		**9,592,967**

Summary of financial information for Dönkasan is as below:

	31 December 2013	31 December 2012
Current assets	20,851,140	18,745,377
Non current assets	5,955,453	5,042,274
Total assets	**26,806,593**	**23,787,651**
Short term liabilities	4,121,812	3,352,257
Long term liabilities	2,269,454	1,249,460
Total liabilities	**6,391,266**	**4,601,717**

	31 December 2013	31 December 2012
Revenue	71,186,557	70,358,082
Net profit for the year	1,229,394	(87,658)
The Company's share in net profit of joint venture for the year	614,697	(43,829)

	2013	2012
1 January	**9,592,967**	**9,632,749**
Income and expense from associates, net	592,858	(43,829)
Purchase of associate shares	-	3,513
Effect of the purchase of associate shares	-	534
Other (*)	21,839	-
31 December	**10,207,664**	**9,592,967**

(*) With the result of application in IAS 19, "Employee Benefits" on a retrospective basis; as of 1 January 2013 the actuarial losses, net of deferred tax, of Dönkasan amounting to TL43,677 that was recognised in general administrative expenses in the prior reported statement of profit or loss and other compherensive income, were recognised in "actuarial gain/ (loss) arising from defined benefit plans" in other comphrensive income and in the balance sheet, the related balances in the balance sheet were revised.

NOTE 5 - SEGMENT REPORTING

Lines of activities of the Company are production of various types of corrugated boxes and other custom manufacturing goods. Scope of business, specifications and economics of the goods, production process, and classification of customers according to their riskiness and method of distribution are similar. Moreover, organizational structure of the Company has created as focusing on only one line of activity other than conducting different activities. As a result, it is accepted that there is only one line of business of the Company and results of the operations are evaluated as determination of resources allocated to line of operations and inquiry of performance of these activities.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Banks		
- time deposits	*4,578,000*	*8,470,000*
- demand deposits	*1,562,193*	*700,828*
Cash on hand	1,752	1,899
Total	**6,141,945**	**9,172,727**

As of 31 December 2013 details of time deposits are as below:

Currency type	Original balance	TL Equivalent	Interest Rate (%)
TL	4,290,000	4,290,000	7.00
TL	288,000	288,000	6.50
Total	**4,578,000**	**4,578,000**	

As of 31 December 2012 details of time deposits are as below:

Currency type	Original balance	TL Equivalent	Interest Rate (%)
TL	8,470,000	8,470,000	6.00
Total	**8,470,000**	**8,470,000**	

As of 31 December 2013 the Company has no blocked bank deposits. (31 December 2012: the Company has no blocked bank deposits.)

The credit risk of banks that company has deposits is being evaluated by using independent data. The market value of cash and cash equivalents approximates to carrying value as of balance sheet date which includes accrued interest.

NOTE 7 - RELATED PARTY DISCLOSURES

	31 December 2013	31 December 2012
i.) Due from related parties :		
Philsa Philip Morris Sab. Sigara ve Tütün Tic. San. A.Ş.	-	1,320,124
Advansa Sasa Polyester Sanayi A.Ş.	-	322,276
Teknosa İç. ve Dış. Tic. A.Ş.	-	52,921
Kordsa Global End. İpl. ve Kord Bz. San. ve Tic. A.Ş.	-	21,140
Other	-	30,489
Total	**-**	**1,746,950**

ii.) Due to related parties:

Dönkasan	3,948,502	2,431,660
Enerjisa Elek.Enerjisi Toptan Satış A.Ş.	-	1,046,650
Bimsa Uluslararası iç. Bilgi ve Yönetim Sis. A.Ş.	-	76,788
Ak Finansal Kiralama A.Ş.	-	71,597
Other	-	17,930
Total	**3,948,502**	**3,644,625**

iii.) Deposits at Akbank:

Demand deposits	-	590,483
Time deposits	-	5,640,000
Total	**-**	**6,230,483**

iv.) Sales to/ (purchase from) related parties

1 January - 31 December 2013

	Inventory purchases	Sales	Service purchases	Interest income	Interest expense	Rent expense	Other financial income/ (expense) net
International Paper - USA	(113,720,336)	-	-	-	-	-	-
Dönkasan	(14,805,575)	163,188	-	-	-	-	-
Total	**(128,525,911)**	**163,188**					

1 January - 31 December 2012

	Inventory purchases	Sales	Service purchases	Interest income	Interest expense	Rent expense	Other financial income/ (expense) net
Philsa Philip Morris Sab. Sigara ve Tütün Tic. San. A.Ş.	-	6.100.746	-	-	-	-	-
Advansa Sasa Polyester Sanayi A.Ş.	-	1.417.546	-	-	-	-	-
Kordsa Global End. İpl. ve Kord Bz. San. ve Tic. A.Ş.	-	240.697	-	-	-	-	-
Akbank T.A.Ş.	-	178.119	-	325.168	(1.146.615)	-	(15.738)
International Paper - USA	(86.721.059)	-	-	-	-	-	-
Aksigorta A.Ş.	-	-	(2.526.790)	-	-	-	-
Bimsa Uluslararası İç. Bilgi ve Yönetim Sis. A.Ş.	-	-	(1.118.826)	-	-	-	-
Dönkasan	(12.068.542)	-	-	-	-	-	-
Hacı Ömer Sabancı Holding A.Ş.	-	-	-	-	-	(551.611)	-
Avivasa Emeklilik ve Hayat A.Ş.	-	-	(147.380)	-	-	-	-
Enerjisa Elek. Enerjisi Toptan Satış A.Ş.	-	-	(10.321.498)	-	-	-	-
Other	-	420.849	(90.267)	-	-	-	-
Total	**(98.789.601)**	**8.357.957**	**(14.204.761)**	**325.168**	**(1.146.615)**	**(551.611)**	**(15.738)**

v.) Key management compensation

The Company has determined key management personnel as members of executive board. Benefits to key management include benefits such as fees, bonuses, health assurances, cars etc. Compensation amounts have been classified as below at 31 December 2013 and 2012:

	1 January - 31 December 2013	1 January- 31 December 2012
Short-term benefits	3,490,300	2,521,422
Other long-term benefits	167,100	80,599
Benefits due to cease of employment contract	145,179	-
Total	**3,802,579**	**2,602,021**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Other trade receivables

As of 31 December 2013 and 2012 details of other trade receivables are as below:

	31 December 2013	31 December 2012
Receivables	124,236,859	109,433,556
Notes receivables	29,180,308	27,965,818
	153,417,167	**137,399,374**
Allowance for unrealized financing income from credit sales	(2,449,073)	(2,517,966)
Allowance for doubtful receivables (-)	(13,691,370)	(12,169,151)
Total	**137,276,724**	**122,712,257**

Average due date is 3 months for the trade receivables (31 December 2012: 3 months). Annual effective interest rate for trade receivables is 10% (31 December 2012: 10%).

As of 31 December 2013, the Company has TL31,424,923 overdue trade receivables (31 December 2012: TL27,772,450). As of 31 December 2013 the Company set allowance for doubtful receivables TL13,691,370 (31 December 2012: TL12,169,151).

As of 31 December 2013 and 2012 overdue receivables which need no impairments are shown below:

	31 December 2013	31 December 2012
Between 0 - 3 months	16,919,807	14,212,499
Between 3 - 6 months	365,000	931,941
Over than 6 months	448,746	458,859
Total	**17,733,553**	**15,603,299**

Movements of provision for doubtful receivables are as below:

	2013	2012
1 January	**(12,169,151)**	**(9,376,691)**
Provision for current period	(2,454,212)	(3,805,035)
Collections (-)	931,993	1,012,575
31 December	**(13,691,370)**	**(12,169,151)**

Other trade payables

As of 31 December 2013 and 2012 details of trade payables are as below:

	31 December 2013	31 December 2012
Trade payables	37,619,504	25,523,244
Less: Allowance for unrealized financing expense from credit purchases	(403,308)	(337,316)
Total short term trade payables	**37,216,196**	**25,185,928**

Average due date is 30 days for the trade payables (31 December 2012: 30 days). Annual effective interest rate is 10% (31 December 2012: 10%).

NOTE 9 - RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (31 December 2012: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

a) Other receivables	**31 December 2013**	**31 December 2012**
Other receivables	29,252	22,180
Total	**29,252**	**22,180**
b) Other payables		
Tax payables	69,195	2,543,424
Other	120,661	338,194
Total	**189,856**	**2,881,618**

NOTE 11 - INVENTORIES

	31 December 2013	31 December 2012
Raw materials	50,733,369	44,402,497
Work in progress	6,220,213	4,805,244
Finished goods	3,958,484	4,128,912
Trade goods	35,623	23,546
Other inventories	657,878	505,136
Allowance for impairment on inventories (-)	(1,314,745)	(1,414,686)
Total	**60,290,822**	**52,450,649**

Movements of allowance on inventory are as below:

	2013	2012
1 January	**(1,414,686)**	**(667,556)**
Current period income/ (expense), net	99,941	(747,130)
31 December	**(1,314,745)**	**(1,414,686)**

Raw materials amounting to TL261,758,286 recognized as expense in cost of goods sold (2012: TL245,658,964) (Note 32).

NOTE 12 - BIOLOGICAL ASSETS

None (31 December 2012: None).

NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUES

	31 December 2013	31 December 2012
a) Short term prepaid expenses		
Prepaid expenses	1,250,274	849,691
Advances given to suppliers	331,219	342,436
	1,581,493	**1,192,127**
b) Long term prepaid expenses		
Advances given for property, plant and equipment	1,877,024	437,971
	1,877,024	**437,971**
c) Deferred revenues		
Advances received	772,561	301,110
	772,561	**301,110**

NOTE 14 - INVESTMENT PROPERTIES

None (31 December 2012: None).

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2013	Additions	Disposals	Transfers	31 December 2013
Cost:					
Land	11,626,719	-	-	-	11,626,719
Land improvements	4,169,763	95,430	-	206,718	4,471,911
Buildings	56,298,336	33,521	(10,182)	23,052	56,344,727
Machinery and equipment	245,739,336	902,721	(2,599,014)	8,052,263	252,095,306
Motor vehicles	202,115	2,802	(21,378)	-	183,539
Furniture and fixtures	9,485,367	371,492	(227,939)	1,444,552	11,073,472
Construction in progress	2,113,101	11,341,933	-	(10,087,362)	3,367,672
	329,634,737	**12,747,899**	**(2,858,513)**	**(360,777)(*)**	**339,163,346**
Accumulated depreciation:					
Land improvements	(3,569,741)	(100,814)	-	-	(3,670,555)
Buildings	(25,179,184)	(1,427,676)	2,782	-	(26,604,078)
Machinery and equipment	(185,711,041)	(7,298,789)	2,207,008	-	(190,802,822)
Motor vehicles	(195,321)	(1,016)	21,159	-	(175,178)
Furniture and fixtures	(8,249,863)	(264,795)	227,403	-	(8,287,255)
	(222,905,150)	**(9,093,090)**	**2,458,352**	**-**	**(229,539,888)**
Net book value	**106,729,587**				**109,623,458**

(*) TL360,777 is transferred from property, plant equipment to intangible assets (31 December 2012: TL634,916 is transferred from property, plant equipment to intangible assets)
As of 31 December 2013, there is no mortgage on lands, buildings machinery and equipments of the Company (31 December 2012: No mortgage).

	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Cost:					
Land	11,626,719	-	-	-	11,626,719
Land improvements	4,118,359	51,404	-	-	4,169,763
Buildings	55,850,805	196,382	-	251,149	56,298,336
Machinery and equipment	237,249,197	732,650	(317,131)	8,074,620	245,739,336
Motor vehicles	198,415	3,700	-	-	202,115
Furniture and fixtures	9,012,590	458,302	-	14,475	9,485,367
Construction in progress	2,183,894	8,904,367	-	(8,975,160)	2,113,101
	320,239,979	**10,346,805**	**(317,131)**	**(634,916)(*)**	**329,634,737**
Accumulated depreciation:					
Land improvements	(3,479,697)	(90,044)	-	-	(3,569,741)
Buildings	(23,761,094)	(1,418,090)	-	-	(25,179,184)
Machinery and equipment	(178,789,084)	(7,196,404)	274,447	-	(185,711,041)
Motor vehicles	(194,802)	(519)	-	-	(195,321)
Furniture and fixtures	(8,023,531)	(226,332)	-	-	(8,249,863)
	(214,248,208)	**(8,931,389)**	**274,447**	**-**	**(222,905,150)**
Net book value	**105,991,771**				**106,729,587**

NOTE 16 - RIGHTS TO INTERESTS ARISING FROM DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS

None (31 December 2012: None).

NOTE 17 - MEMBERS' SHARES IN CO - OPERATIVE ENTITIES AND SIMILAR INSTRUMENTS

None (31 December 2012: None).

NOTE 18 - INTANGIBLE ASSETS

	2013	2012
As of 1 January:		
Cost	4,782,131	4,047,948
Accumulated amortization	(3,366,546)	(3,110,912)
Opening net book value	**1,415,585**	**937,036**
Opening net book value		
Additions	17,971	213,912
Disposals	(327,659)	(114,645)
Transfers	360,777	634,916
Current year amortization addition	(482,748)	(370,279)
Disposal of accumulated amortization disposal	327,658	114,645
Closing net book value	**1,311,584**	**1,415,585**
As of 31 December:		
Cost	4,833,220	4,782,131
Accumulated amortization	(3,521,636)	(3,366,546)
Net book value	**1,311,584**	**1,415,585**

NOTE 19 - GOODWILL

None (31 December 2012: None).

NOTE 20 - EXPLORATION FOR AND EVALUATION OF MINERAL ASSETS

None (31 December 2012: None).

NOTE 21 - LEASES

None (31 December 2012: None).

NOTE 22 - SERVICE CONCESSION ARRANGEMENTS

None (31 December 2012: None).

NOTE 23 - IMPAIRMENT OF ASSETS

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. As of 31 December 2013, the Company has booked allowance for doubtful receivables amounting to TL13,691,370 (Note 8) and allowance for impairment on inventories amounting to TL1,314,745 (Note 11).

NOTE 24 - GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

None (31 December 2012: None).

NOTE 25 - FINANCIAL LIABILITIES

As of 31 December 2013 and 2012 details of bank borrowings are as below:

	31 December 2013		31 December 2012	
	Weighted average efficient interest rate (%)	Amount (TL)	Weighted average efficient interest rate (%)	Amount (TL)
Short term bank borrowings:				
- TL	8.25	12,000,000	6.10	30,400,000
- USD	-	73,284	-	105,220
- Other (*)	-	699,466	-	1,219,094
- TL (**)	-	756,145	-	-
- TL	8.75	17,499,280	-	-
		31,028,175		31,724,314

(*) Other financial liabilities consists vendor financing.

(**) The balance consists of spot bank loans from Akbank T.A.Ş.

NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other provisions

Details of short term provisions are shown below:

	31 December 2013	31 December 2012
Legal claims	1,083,667	1,379,540
Provisions for donation (*)	-	1,780,000
Other provisions	1,917,339	2,069,391
Total	**3,001,006**	**5,228,931**

(*) The donation related to donation to Sabancı University determined in 2012 and paid in 2013.

As of 31 December 2013 and 2012 movements of provision for legal claims are shown below:

1 January	**1,379,540**	**892,000**
Current period additions	269,687	879,516
Paid in current period (-)	(565,560)	(391,976)
31 December	**1,083,667**	**1,379,540**

The total of the law cases opened against the Company amounts to TL1,083,667 (31 December 2012: TL1,593,540). Legal advisors of the Company reviewed the law cases against the Company and provision amounting to TL1,083,667 (31 December 2012: TL1,379,540) is recognized for the expected law cases cash outflow.

As of 31 December 2013 and 2012 details of contingent liabilities and assets are shown below:

Guarantees given		
Guarantee letters given	16,345,052	2,545,630
Total	**16,345,052**	**2,545,630**
Guarantees received		
Guarantee cheques received	12,608,122	10,487,784
Guarantee letters received	8,560,323	6,487,560
Pledges received	1,962,000	962,000
Total	**23,130,445**	**17,937,344**

Below are the amounts of collaterals, pledges and mortgages ('CPM') of the Company as of 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
A. CPM's given for companies own legal personality	16,345,052	2,545,630
B. CPM's given on behalf of fully consolidated companies	-	-
C. CPM's given for continuation of its economic activities on behalf of third parties	-	-
D. Other CPM	-	-
	16,345,052	**2,545,630**

As of 31 December 2013 ratio of CPM's to equity is 0.00 % (31 December 2012: 0.00%).

In 2012, Turkish Competition Board, with its decision dated 24.04.2012 numbered 12 - 21/ 560-M, initiated an investigation relating to the paper, and particularly, waste paper sectors, covering several industry players including Olmuksan and its affiliate Dönkasan. The allegations are mainly focused on denial of requests of letters required for export of waste paper.

On July 9, 2013 the Competition Board has come to a decision that Protection of Competition Law No. 4 item of 4054 has been breached by the companies in the packaging industry. The Board concluded that companies had violated, however, at the same time the conditions for exemption meets their specified actions and therefore no punishment is given. The Board also decided to give individual exemptions for 3 years from the recognition date of "Export: 2011/6 communiqué" if objective criteria's are met in accordance with the Law No. 5 item of 4054.

NOTE 27 - COMMITMENTS

None (31 December 2012: None).

NOTE 28 - EMPLOYEE BENEFITS

	31 December 2013	31 December 2012
a) Employee benefits payable		
Payables to personnel	29,992	28,393
Social Security Payable	-	320,120
Total	**29,992**	**348,513**
b) Short - term provisions for employee benefits		
Provision for unused vacation	1,270,880	1,085,014
Total	**1,270,880**	**1,085,014**
c) Long - term provisions for employee benefits		
Employee termination benefit provision	12,018,006	11,743,856
Total	**12,018,006**	**11,743,856**

Employee termination benefit provision is recorded according to the following descriptions. There has been no retirement plan except the legal requirement explained below.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away.

The amount payable consists of one month's salary limited to a maximum of TL3,254.44 (31 December 2012: TL3,033.98) for each year of service at 31 December 2013.

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 enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	2013	2012
Discount rate (%)	3.7	3.0
Probability of retirement (%)	96.5	97.1

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL3,438.22 effective from 1 January 2013 (1 January 2012: TL3,129.25) has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

Movements in the provision for employment termination benefits are as below:

	2013	2012
1 January	**11,743,856**	**10,165,030**
Service cost	892,868	959,301
Interest cost	906,328	1,220,501
Actuarial losses	9,446	1,192,599
Employment termination benefit paid	(1,534,492)	(1,793,575)
31 December	**12,018,006**	**11,743,856**

NOTE 29 - EXPENSES BY NATURE

	2013	2012
Raw materials, finished goods and trade goods	(263,510,938)	(246,972,396)
General production overhead	(76,493,813)	(61,467,951)
Personnel expenses	(41,488,515)	(37,141,171)
Transportation expenses	(22,833,960)	(21,900,749)
Depreciation	(9,575,837)	(9,301,668)
Services and consultancy expenses	(2,811,756)	(2,348,811)
Insurance expenses	(2,296,909)	(2,219,955)
Rent expense	(2,040,860)	(2,034,906)
Travel expense	(1,872,685)	(1,892,675)
Information technology services	(1,272,543)	(1,300,645)
Maintenance expenses	(779,954)	(640,924)
Communication expenses	(401,432)	(418,988)
Export expenses	(149,315)	(270,888)
Employee benefits	(185,866)	(230,266)
Other expenses	(4,124,132)	(8,079,730)
Total	**(429,838,515)**	**(396,221,333)**

Expense by nature comprise of cost of sales research and development expenses, marketing, selling and distribution expenses and general administrative expenses.

Cost of sales	(362,984,499)	(330,082,492)
Marketing, selling and distribution expenses	(32,391,457)	(31,478,286)
General administrative expenses	(34,462,559)	(34,660,555)
Total	**(429,838,515)**	**(396,221,333)**

NOTE 30 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2013	31 December 2012
Job advances	459,489	104,759
Due from insurance indemnity	79,150	47,939
Other	435,939	98,360
Total	**974,578**	**251,058**

NOTE 31 - EQUITY

The Company has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. Historical, authorized and issued capital of the Company as of 31 December 2013 and 31 December 2012 is presented below:

	31 December 2013	31 December 2012
Limit on registered share capital (historical)	50,000,000	50,000,000
Issued share capital	32,602,500	32,602,500

At 31 December 2013 and 2012, the shareholder structure of the Company is stated below:

	31 December 2013		31 December 2012	
	Amount	Share (%)	Amount	Share (%)
I.P. Container Holdings (Spain) S.L.	28,514,276	87.46	-	-
H. Ömer Sabancı Holding A.Ş.	-	-	14,257,138	43.73
International Paper Holding Turkey B.V.	-	-	14,257,138	43.73
Other (publicly held)	4,088,224	12.54	4,088,224	12.54
Total	**32,602,500**	**100.00**	**32,602,500**	**100.00**

The Company's share capital comprises 3,260,250,000 shares (2012: 3,260,250,000 shares). The nominal value of each share amounts to TL0.01 (2012: TL0.01). The Company does not have any privileged shares.

At 11 December 2013, International Paper Holding Turkey B.V. (in liquidation) transferred its shares of 1,425,713,901.50 to Paper Container Holdings (Spain).

Restricted reserves from profit

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

The aforementioned amounts shall be classified in "Restricted Reserves" in accordance with CMB Financial Reporting Standards. Restricted reserves of the Company amounts to TL8,831,260 (31 December 2012: TL8,831,260).

Dividend payment

Companies whose shares are quoted on the ISE are subject to profit distribution rules of CMB as follows:

In accordance with the decision of CMB on 28 January 2010, no obligation has been imposed for the minimum profit distribution of the incorporated companies whose shares are quoted in ISE, off the profits earned as a result of the operations in 2009. Additionally, pursuant to CMB Decision Serial IV No. 27, regarding profit distribution obligation, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the shareholders free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further made possible that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount.

Moreover, in accordance with the CMB regulations, in the event that the entire profit distribution amount calculated pursuant the minimum profit distribution amount calculated over the net distributable profit found in accordance with CMB regulations can be covered by the distributable profit in the statutory records, it shall be distributed completely, and if the relevant amount cannot be covered by that amount, all of the net distributable profit in the statutory records shall be distributed. In the event that there is any period loss in financial statements prepared in accordance with the CMB regulations or statutory records, no profit shall be distributed.

Equity statement in accordance with the Tax Procedure Law, is as follows:

	31 December 2013	31 December 2012
Share capital	32,602,500	32,602,500
Adjustment to share capital	107,849,059	107,849,059
Share issue premium	3,551,359	3,551,359
Other premium	52,347,849	52,347,849
Restricted reserves		
- Legal reserves	*13,375,465*	*13,375,465*
- Extraordinary reserves	*40,141,882*	*40,141,882*
Accumulated gains	-	21,358,746
Accumulated losses	(37,976,596)	(81,369,913)
Net income for the year	10,128,203(*)	22,034,571
	222,019,721	**211,891,518**

(*) Net income for the year state the net income after the tax deduction provision in fourth period temporary tax declaration and become definite with th corporate tax declaration.

NOTE 32 - REVENUE

	1 January - 31 December 2013	1 January - 31 December 2012
Domestic sales	423,519,961	395,729,646
Export sales	22,408,965	22,647,405
Sales discounts (-)	(1,326,286)	(1,187,627)
Net sales	**444,602,640**	**417,189,424**
Raw materials used	(261,758,286)	(245,658,964)
Production overheads	(76,493,813)	(61,467,951)
Direct labour expenses	(15,070,120)	(14,018,705)
Depreciation	(7,909,628)	(7,623,440)
Change in work in progress	(1,414,969)	(1,751,583)
Change in finished goods	170,428	1,335,057
Cost of goods sold	**(362,476,388)**	**(329,185,586)**
Cost of trade goods sold	(508,111)	(896,906)
Cost of Sales	**(362,984,499)**	**(330,082,492)**
Gross profit	81,618,141	87,106,932

NOTE 33 - CONSTRUCTION CONTRACTS

None (31 December 2012: None).

NOTE 34 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

General Administrative Expenses	**1 January - 31 December 2013**	**1 January - 31 December 2012**
Personnel expenses	(19,601,210)	(16,755,274)
Service and consultancy expenses	(2,811,756)	(2,348,811)
Insurance expenses	(2,222,312)	(2,104,641)
Depreciation expenses	(1,666,209)	(1,678,228)
Information technology services	(1,272,543)	(1,300,645)
Travel expenses	(1,281,997)	(1,208,926)
Rent expenses	(1,129,761)	(921,432)
Maintenance expenses	(779,954)	(640,924)
Communication expenses	(234,784)	(218,988)
Stationery expenses	(253,954)	(217,969)
Other expenses	(3,208,079)	(7,264,717)
Total	**(34,462,559)**	**(34,660,555)**

Marketing, Selling and Distribution Expenses	**1 January - 31 December 2013**	**1 January - 31 December 2012**
Transportation expenses	(22,833,960)	(21,900,749)
Personnel expenses	(6,817,185)	(6,367,192)
Rent expenses	(911,099)	(1,113,474)
Travel expenses	(590,688)	(683,749)
Export expenses	(149,315)	(270,888)
Communication expenses	(166,648)	(200,010)
Insurance expenses	(74,597)	(115,314)
Stationery expenses	(43,502)	(42,185)
Other	(804,463)	(784,725)
Total	**(32,391,457)**	**(31,478,286)**

NOTE 35 - OTHER OPERATING INCOME/ (EXPENSES) FROM MAIN ACTIVITIES

a) Other operating income from main activities:

	1 January - 31 December 2013	1 January - 31 December 2012
Unrealized interest income	8,606,187	8,587,279
Foreign exchain gain	1,828,989	1,048,137
Other sales income	226,007	263,682
Insurance income	10,489	22,713
Social security disability allowance income	50,849	14,019
Other income, net	231,374	334,234
	10,953,895	**10,270,064**

b) Other operating expense from main activities:

Unrealized interest expenses	(1,678,057)	(1,856,343)
Foreign exchange loss	(1,069,449)	(1,462,610)
Donation expenses	(15,695)	(1,819,073)
Other expenses, net	(860,214)	(466,609)
Total	**(3,623,415)**	**(5,604,635)**

NOTE 36 - INCOME AND LOSS FROM INVESTMENT ACTIVITES

a) Income from investment activities:	1 January - 31 December 2013	1 January - 31 December 2012
Gain on sale of property,plant and equipment	125,610	2,130
	125,610	**2,130**
b) Expense from investment activities:		
Loss on sale of property,plant and equipment	(36,228)	(885)
	(36,228)	**(885)**

NOTE 37 - SORT OF EXPENSES

Depreciation Expenses:	1 January - 31 December 2013	1 January - 31 December 2012
Cost of goods sold	(7,909,628)	(7,623,440)
General administrative	(1,666,209)	(1,678,228)
Total	**(9,575,837)**	**(9,301,668)**
Personnel Expenses:		
General administrative	(19,601,210)	(16,755,274)
Cost of goods sold	(15,070,120)	(14,018,705)
Marketin, selling and distribution	(6,817,185)	(6,367,192)
Total	**(41,488,515)**	**(37,141,171)**

NOTE 38 - FINANCIAL EXPENSE

	1 January - 31 December 2013	1 January - 31 December 2012
Interest income	290,324	335,078
Foreign exchange gain from bank borrowings	5,455	749,488
Total financial income	**295,779**	**1,084,566**
Interest expense	(2,242,867)	(4,147,637)
Foreign exchange loss from bank borrowings	(17,870)	(394,095)
Total financial expense	**(2,260,737)**	**(4,541,732)**

NOTE 39 - OTHER COMPREHENSIVE INCOME ANALYSIS

As of 31 December 2013 and 2012 details of comprehensive income are as below:

	1 January - 31 December 2013	1 January - 31 December 2012
Items not to be classified to profit or loss		
- Actuarial gain/(loss) arising from defined benefit plans	(9,446)	(1,192,599)
- Tax effect of other comprehensive income / expense not to be reclassified to profit and loss	1,889	238,520
OTHER COMPREHENSIVE LOSS	**(7,557)**	**(954,079)**

NOTE 40 - NON - CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2012: None).

NOTE 41 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSET AND LIABILITIES)

The details of taxation on income for the years ended 31 December 2013 and 2012 are as below:

	1 January - 31 December 2013	1 January - 31 December 2012
Corporate and income taxes payable	2,854,285	5,758,409
Less: Prepaid current year corporate tax	(995,342)	(2,186,610)
Current income tax payable	**1,858,943**	**3,571,799**

Corporate tax

The Company is subject to Turkish corporate taxes. Provision is made in accompanying financial statements for estimated charge based on the Company's results for the years and periods.

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (31 December 2012: 20%) on their corporate income Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that below the date of filing 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.

Income withholding tax

In addition to corporate taxes; companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to incentive certificates obtained prior to 24 April 2003. The investments without investment incentive certificates made after this date, companies can deduct 40% of those who are directly related to production facilities.Subsequent to this date investments without incentive certificates do not qualify for tax allowances.

Deferred income taxes

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between its financial statements and its statutory tax financial statements.

The deferred taxes are calculated at a rate of 20% (31 December 2012: 20%).

Tax expense reconciliation is as below:

	1 January - 31 December 2013	1 January - 31 December 2012
Profit before tax	**20,833,726**	**22,133,770**
Expected tax expense (20%)	(4,166,745)	(4,426,754)
Income exempt from tax	175,436	400,206
Disallowable expenses	(226,960)	(82,749)
Gain on bargain purchase	122,939	(8,766)
Other	(41,350)	(206,950)
Total tax income/ (expense)	**(4,136,680)**	**(4,325,013)**

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2013 and 2012 are as below:

Taxable temporary
Deferred tax

	Accumulated differences		Assets/ (liabilities)	
	2013	**2012**	**2013**	**2012**
Property, plant and equipment and intangible assets	(36,154,805)	(33,582,274)	(6,189,756)	(5,665,444)
Provision for employee termination benefits	12,018,006	11,743,856	2,403,601	2,348,771
Discount on trade receivables and trade payables	2,045,766	2,180,650	409,153	436,130
Provisions	5,155,386	9,737,161	1,158,179	2,064,727
Other	725,942	113,433	145,188	22,687
Deferred tax liabilities			(6,189,756)	(5,665,444)
Deferred tax asset			4,116,121	4,872,315
Deferred tax liability - net			**(2,073,635)**	**(793,129)**

Movements of deferred tax liabilities as at 31 December 2013 and 2012 are as below:

	2013	2012
1 January	**(793,129)**	**(2,465,045)**
Charged to current year statement of profit or loss and other compherensive income	(1,280,506)	1,671,916
31 December	**(2,073,635)**	**(793,129)**

NOTE 42 - EARNINGS PER SHARE

Earnings per share are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year. The Company's earnings per share calculation are as below:

	1 January- 31 December 2013	1 January- 31 December 2012
Weighted average number of shares (equivalent of TL1)	32,602,500	32,602,500
Net income	16,697,046	17,808,757
Earnings per share (equivalent of TL1)	0.5121	0.5462

NOTE 43 - SHARE - BASED PAYMENT

None (31 December 2012: None).

NOTE 44 - INSURANCE CONTRACTS

None (31 December 2012: None).

NOTE 45 - THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income within other operating income/ (expense) from main activities and finance expense, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign currency risk analysis of the Company is presented in Note 49.

NOTE 46 - FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

NOTE 47 - DERIVATIVES

None (31 December 2012: None).

NOTE 48 - FINANCIAL INSTRUMENTS

As of 31 December 2013, the financial instruments of the Company consist of loans and receivables.

As of 31 December 2013, the Company has financial liabilities amounting to TL31,028,175 (31 December 2012: TL31,724,314) (Note 25), receivables amounting to TL137,276,724 (31 December 2012: TL124,459,207) (Notes 7 and 8) and cash and cash equivalents amounting to TL6,141,945 (31 December 2012: TL9,172,727) (Note 6).

NOTE 49 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

The capital structure of the Company consists of debt including the borrowings, cash and cash equivalents and equity.

The Management of the Company analyzes the cost of capital and the risks associated with each class of capital, and present the ones that require the decision of Board of Directors. The Management of the Company and Board of Directors aim to balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt or the redemption of existing debt.

The Company controls its capital using the net debt/ total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

The company has no speculative derivative financial instrument and there has been no purchase and sales of derivative financial instrument during the period.

Net debt/ (capital equity+net debt) as of 31 December 2013 and 31 December 2012 are as below:

	31 December 2013	**31 December 2012**
Total liabilities	(91,337,101)	(85,716,610)
Cash and cash equivalents	6,141,945	9,172,727
Deferred tax liabilities	(2,073,635)	(793,129)
Net debt	(87,268,791)	(77,337,012)
Equity	(235,904,103)	(219,214,614)
Equity+net debt	(323,172,894)	(296,551,626)
Net debt/ (Equity + net debt) ratio	0.27	0.26

b) Financial risk factors

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk and credit risk. In addition the Company has credit risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial risks are assessed based on sensitivity analysis. The company's risk assessment methods are not changed compared to the prior year.

c) Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk.

The Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments.

Foreign currency position table denominated in Turkish Lira is as below:

	31 December 2013	31 December 2012
Assets	5,458,189	5,458,563
Liabilities	(1,982,651)	(926,619)
Net balance sheet position of foreign currency	**3,475,538**	**4,531,944**

Foreign currency risk of the Company is mainly related with USD and Euro balances.

Profit/ (Loss) 31 December 2013	Appreciation	Depreciation
Appreciation of USD against TL by 10%		
1- US Dollars net asset / liability	121,904	(121,904)
2- USD risk hedged amount (-)	-	-
3- USD net effect (1 +2)	**121,904**	**(121,904)**
Appreciation of EURO against TL by 10%		
4- Euro net asset / liability	87,635	(87,635)
5- Euro risk hedged amount (-)	-	-
6- Euro net effect (4+5)	**87,635**	**(87,635)**
Appreciation of other currencies against TL by 10%		
7- GBP net asset / liability	133,192	(133,192)
8- GBP risk hedged amount (-)	-	-
9- GBP net effect (7+8)	**133,192**	**(133,192)**
Total	**342,731**	**(342,731)**

Profit/ (Loss) 31 December 2012	Appreciation	Depreciation
Appreciation of USD against TL by 10%		
1- US Dollars net asset/ liability	78,183	(78,183)
2- USD risk hedged amount (-)	-	-
3- USD net effect (1 +2)	**78,183**	**(78,183)**
Appreciation of EURO against TL by 10%		
4- Euro net asset/ liability	89,495	(89,495)
5- Euro risk hedged amount (-)	-	-
6- Euro net effect (4+5)	**89,495**	**(89,495)**
Appreciation of other currencies against TL by 10%		
7- GBP net asset / liability	102,309	(102,309)
8- GBP risk hedged amount (-)	-	-
9- GBP net effect (7+8)	**102,309**	**(102,309)**
Total	**269,987**	**(269,987)**

It summarized the Company's foreign currency risk. The breakdowns of the Company's foreign currency denominated monetary assets and liabilities are as below:

	31 December 2013					31 December 2012				
	TL equivalent	**USD**	**EUR**	**GBP**	**Other**	**TL equivalent**	**USD**	**EUR**	**GBP**	**Other**
1. Trade receivables	3,687,025	631,874	398,571	318,900	138,753	3,362,434	501,895	562,793	353,976	402,149
2a. Monetary financial assets	1,206,877	96,723	236,209	87,376	-	309,012	144,251	11,812	8,392	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	564,287	144,984	86,786	-	-	1,787,117	618,702	290,946	-	-
4. Total current asset (1+2+3)	**5,458,189**	**873,581**	**721,566**	**406,276**	**138,753**	**5,458,563**	**1,264,848**	**865,551**	**362,368**	**402,149**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total non-current asset (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total assets (4+8)	**5,458,189**	**873,581**	**721,566**	**406,276**	**138,753**	**5,458,563**	**1,264,848**	**865,551**	**362,368**	**402,149**
10. Trade payables	1,830,236	232,464	422,069	26,964	-	738,312	148,531	194,049	5,990	-
11. Financial liabilities	73,284	34,336	-	-	-	105,222	59,027	-	-	-
12a. Other monetary liabilities	79,134	35,616	1,062	-	-	83,085	34,297	9,332	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**1,982,654**	**302,416**	**423,131**	**26,964**	**-**	**926,619**	**241,855**	**203,381**	**5,990**	**-**
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)						**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**1,982,654**	**302,416**	**423,131**	**26,964**	**-**	**926,619**	**241,855**	**203,381**	**5,990**	**-**
19. Net Asset/Liability Position Of Off -balance sheet / derivatives (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)	**3,475,535**	**571,165**	**298,435**	**379,312**	**138,753**	**4,531,944**	**1,022,993**	**662,170**	**356,378**	**402,149**
21. Net foreign currency position for monetary items (1+2a+3+5+6a-10-11-12a-14-15-16a)	**3,475,535**	**571,165**	**298,435**	**379,312**	**138,753**	**4,531,944**	**1,022,993**	**662,170**	**356,378**	**402,149**
22. Fair value of foreign currency hedged financial assets										
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-	-	-
23. Hedged foreign currency liabilities	-	-	-	-	-	-	-	-	-	-
23. Export	**22,408,965**	**8,736,919**	**2,768,029**	**993,150**	**815,541**	**22,647,405**	**6,728,832**	**2,572,485**	**1,071,223**	**943,101**
24. Import	**199,968,430**	**63,337,194**	**22,062,951**	**-**	**-**	**139,385,127**	**55,488,237**	**17,208,910**	**558**	**-**

d) Interest rate risk management

Company's financial liabilities include fixed rate bank borrowings as of 31 December 2013 and 2012. The Company is not exposed to interest risk since it has no floating interest rate borrowing.

e) Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. Trade receivables are evaluated based on the Company's policies and procedures, and are presented in financial statements net of provision for doubtful receivables.

Company's sales mostly consist of domestic sales and by dealer and whole sales channels. Approximately 90% of the sales are the sales of goods produced. Cost of raw materials depends on general price level in Turkey. 94% of sales are domestic and while setting the price of goods the currency exchange rates and raw material prices are considered.

Collection of receivables is made with dealer cheques. In general, cheques are issued by the final customers, which lead to distribution and decreasing of the credit risk.

31 December 2013	Trade receivables Related Party	Trade receivables Other	Other receivables Related Party	Other receivables Other	Deposits at bank	Derivative instruments
Maximum credit risk as of balance sheet date	**-**	**137,276,724**	**-**	**29,252**	**6,140,193**	**-**
- Hedged part of maximum risk with collateral	**-**	**4,136,601**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	-	119,543,171	-	29,252	6,140,193	-
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	17,733,553	-	-	-	-
- The part of which is under guarantee with collateral	-	*4,136,601*	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	13,691,370	-	-	-	-
- Impairment (-)	-	(13,691,370)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
D. Off balance sheet items with credit risk	-	-	-	-	-	-

31 December 2012	Trade receivables Related Party	Trade receivables Other	Other receivables Related Party	Other receivables Other	Deposits at bank	Derivative instruments
Maximum credit risk as of balance sheet date	**1,746,950**	**122,712,257**	**-**	**22,180**	**9,170,828**	**-**
- Hedged part of maximum risk with collateral	**-**	**3,079,003**	**-**	**-**	**-**	**-**
A, Net book value of financial assets that are neither past due nor impaired	1,746,950	107,108,958	-	22,180	9,170,828	-
B, Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired	-	-	-	-	-	-
C, Net book value of financial assets that are past due but not impaired	-	15,603,299	-	-	-	-
- The part of which is under guarantee with collateral	-	3,079,003	-	-	-	-
D, Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	12,169,151	-	-	-	-
- Impairment (-)	-	(12,169,151)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not past due (gross carrying amount)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E, Off balance sheet items with credit risk	-	-	-	-	-	-

NOTE 49 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Guarantees taken for overdue receivables:

	31 December 2013	31 December 2012
Guarantees received	-	(554,023)
Mortgages	-	280,000
Total	**-**	**(274,023)**

f) Liquidity risk and management

The Company management has built an appropriate liquidity risk management framework for the management of the Company's short medium and long term funding and liquidity management requirements.

Liquidity risk statements

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

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders.

The maturity analysis of Company's derivative financial liabilities and non derivative financial liabilities as of 31 December 2013 is as below:

31 December 2013	Carrying value	Total Cash Flow	Less than 3 months	3 - 12 months	1-5 years	More than 5 years
Financial Liabilities	31,028,175	31,668,131	31,594,847	73,284	-	-
Trade payables	41,164,698	41,164,698	41,164,698	-	-	-
Other payables	189,856	189,856	189,856		-	-

31 December 2012	Carrying value	Total Cash Flow	Less than 3 months	3 - 12 months	1-5 years	More than 5 years
Financial Liabilities	31,724,314	32,208,110	32,102,890	105,220	-	-
Trade payables	28,830,553	28,830,553	28,830,553	-	-	-
Other payables	2,881,618	2,881,618	2,881,618	-	-	-

NOTE 50 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Fair value of financial instruments

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

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

Fair values of held to maturity financial assets are determined based on market price, or in the case where the price cannot be determined, on market prices quoted for the securities of the same nature in terms of interest, maturity and other similar conditions.

Financial liabilities

The fair values of short term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature. The estimated fair values of long-term financial liabilities are determined by calculating the discounted cash flows, using the current market interest rates for the fixed interest loans.

The fair value of financial liabilities as of 31 December 2013 is TL31,668,131 (31 December 2012: TL32,208,110).

NOTE 51 - SUBSEQUENT EVENTS

The Company has decided not to pay dividend related to income of 2013 based on the Board of Directors Decision date 27 February 2014 (31 December 2012: None).

NOTE 52 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR, BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (31 December 2012: None).

NOTE 53 - DISCLOSURES TO STATEMENT OF CASH FLOW

As of 31 December 2013 and 2012 the Company has no blocked deposits (Note 6).

NOTE 54 - DISCLOSURES TO STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity has been presented in accordance with the disclosures and financial statement that were compulsory based on bulletion of Capital Market Board numbered 2013/19 and dated 7 June 2013.

IP WAY

International Paper is one of the world's largest corporations, a company of substance. Our substance goes well beyond our size. We value character as much as capability. We do the right things, in the right way, for the right reasons. We never forget our commitment to people, to customers, or to operational excellence. Those who work for and with International Paper do so not only because of the value we provide, but because of the vision, mission and values by which we operate. At International Paper, we are proud of the things we make, but the things we make are not what make us. We understand that the needs we are called to meet can and will change. But the substance of IP -who we are and how we do things- never will. We call them The IP Way.

OUR VALUES:

LEADERSHIP. We uphold the highest ethical standards. We keep our commitments and we are accountable for all we do. We believe in diversity and inclusion, treating all people with dignity and respect, and helping one another succeed.

RESULTS. We are passionate about results. We set stretch objectives, we embrace change, and we always consider what is best for the entire company. We are engaged and aligned in our commitment to excellence for our customers and performance for our shareowners.

RESPONSIBILITY. We are committed to sustaining our world. We place the highest priority on employee health and safety, and we ensure that every phase of our supply chain, from procurement to manufacturing, distribution, sales and recycling, is carried out in a safe and responsible manner.

PERFORMANCE AND CAREER MANAGEMENT

IP Roadmap is the common term of performance management and individual development in International Paper. IP Roadmap system has been put into use since the integration we performed in the year 2013, in order not only to reveal the successes and potentials of the employees in Olmuksan International Paper, but also to award them fairly, and to open the way to their career improvements. IP Roadmap commences with the process of spreading the annual goals determined in IP Global among all IP employees, and moving therefrom towards individual goals. Annual goals are determined in a way to consist of the four main groups, namely as the Employee, Customer, Operation, and Finance, and popularized among all our employees. The support and follow-up to be rendered to our employees throughout the year, in order to meet their needs of knowledge, skill and ability for the purpose of realizing the annual goals, are all planned with the cooperation of manager/employee, and maximum increase in the performance is contributed by way of delivering regular feedbacks in the meantime.

Thanks to the IP Roadmap system, it has been intended to develop a corporate culture to contribute not only to the relationship between the work results and individual performance, but also to increase the frequency and quality of the feedback processes. We believe in the individual development to be achieved only in parallel with the improvement of the IP Roadmap system and the feedback culture.

Thanks to the Human Resources Planning process, not only the key and critical positions are backed up for the sustainable success of our Company, Individual Development Plans are also generated for the improvement of the careers of our employees. Human Resources Planning process further provides opportunity to the employees to get themselves ready for the career opportunity to arise within the body of International Paper, and thereby to better themselves.

International Paper attaches importance to commitment.

Commitment defines the eagerness of our employees to become a group, actively and keenly engaging in the goal of turning their workplaces into a better place for everyone. Commitment is a group act, and we consider the opinions of our employees important, and annually apply the Commitment Questionnaire to them. We are sure that the work results of the company may only be achieved by the mediation of the committed employees.

NOTES