OLMUKSAN

INTERNATIONAL PAPER

OLMUKSAN

INTERNATIONAL PAPER

ANNUAL REPORT 2015


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

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.

Combining the local proud heritage of Olmuksan in Turkey with International Paper's global expertise and experience proved to be a powerful combination.

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

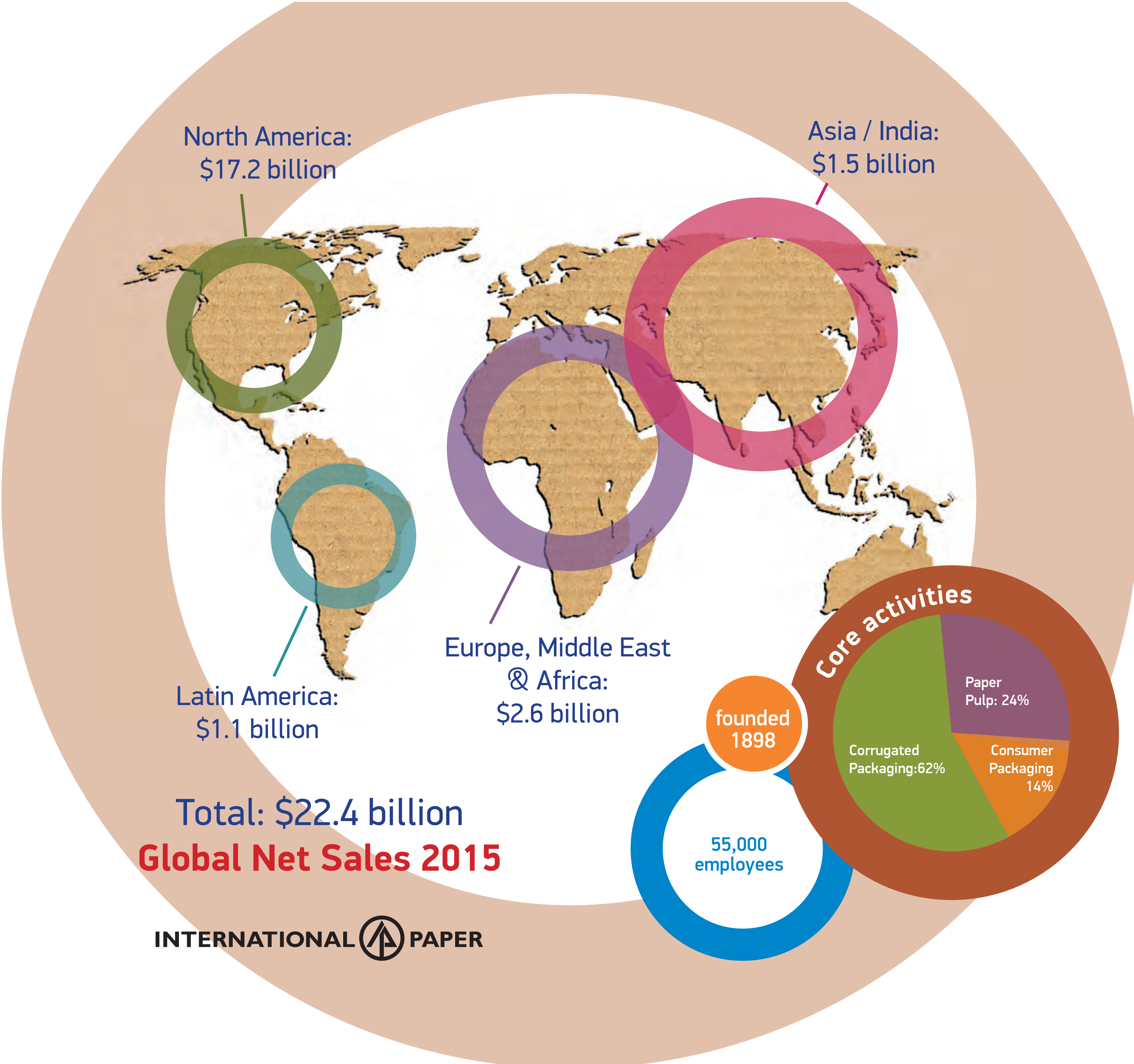
We are a company of substance. Our distinguishing feature is our principled approach. The way we do business is as important as the business we do. We call this the IP Way. "Commitment to people, to customers and to operational excellence" is the foundation of the IP Way.

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.
- One of Fortune Magazine's Most Admired Companies list 13 times in the past 14 years.
- Chosen World's Most Ethical Company for eight consecutive years by the Ethisphere Institute.
- Awarded the Climate Leadership Award by the USA's Environmental Protection Agency in 2011.
- We have reduced air emissions by 18% and waste sent to landfill by 17% compared with 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 30th March 2016

1. Commencement of the meeting and designation of the Presiding Board,
2. Reading and discussion of the Activity Report of the Board of Directors for the year 2015,
3. Reading of the Report of the Independent Auditing Firm for the year 2015,
4. Giving information to the shareholders about the amounts and beneficiaries of the Donations and Contributions made during the year 2015,
5. Reading, discussion and approval of the Financial Statements for the year 2015,
6. Discharge of the members of the Board of Directors from their activities in the year 2015,
7. Determination of the use of the net profit and decision about distributing or not distributing a dividend for the year 2015,
8. Determination of the upper limit for donations in the year 2016,
9. Determination of the directorship fees of the members of the Board of Directors,
10. Approval of the election of the Independent Auditing Firm to audit the 2016 financial statements and reports regarding to the article 6102 of the Turkish Commercial Code and article 6362 of the Capital Market Law,
11. Approval of the extension of the term and increase of the authorized capital ceiling and accordingly amendment of Article VI of the Articles of Association entitled "Capital" pursuant to the permission obtained from Capital Markets Board and the Ministry of Commerce General Directorate of Domestic Trade,
12. Giving permission to the president and the members of the Board of Directors, to the transactions as listed in the articles 395 and 396 of the Turkish Commercial Code.

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET ANONİM ŞİRKETİ

Dear Shareholders,

Looking back on 2015, many countries are being impacted significantly by the global economic crisis. Turkey is no exception to this. While it appears the Turkish economy will grow by approximately 3.8% in 2015, the devaluation of the Turkish Lira, high inflation, labor tensions, volatile export markets and the increasing geopolitical conflict in the region, have made 2015 particularly challenging. Unfortunately, these issues materially impacted Olmuksan's operating profit. This was particularly true in the first half of the year. While costs rose quickly, a highly competitive market caused margins to be compressed. With the spin-off of Donkasan, we had a favorable revaluation of our assets which enabled Olmuksan to have a positive comprehensive income for the year.

Looking ahead to 2016, the economic environment remains challenging. The Turkish Lira is projected to continue to lose value and geopolitical tensions in the region remain high. Consequently, box markets remain extremely competitive. Operating efficiency, customer relationships, product innovation and effective cost control to offset inflation will define our succes in 2016.

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 their trustful cooperation. I am confident that the best years are ahead of Olmuksan International Paper.

Sincerely,

Jonathan Edward Ernst
Chairman

Dear Partners,

In year 2015 there has been lots of transitions both in Turkey and in the World. We as Olmuksan International Paper, to adjust ourselves into this transition have realized certain investments for increasing our ability and capacity in order to meet our customer needs and to maintained our strong position in developing market. In addition we have operated many applications and investments in order to reach global standards for occupational health and safety.

In 2015, global and local markets have been instable, paper expenses decreased and increased immediately and the political situation of the country influenced the economy. We spent so much effort in order to protect our business. While the financial results do not reflect our great efforts, we also had great success for the future of our company in 2015. Our modernization investments and started culture and behavior based programs have shown their effects in 2015. We have reached to 30,000 CTS sales for the first time during the history of Olmuksan International Paper. We have also made progress in operational excellence, wastage management, starch consumption, delivery performance.

The project which is related to Innovation and which differentiates from other projects was implemented. Our company has come back from the Award Ceremony of Ambalaj Ay Yıldızları with two prizes that crown our effort. In Inovalig which is organized by Turkish Exporter's Association, a prize was given to our company for the category of "Innovation Strategy". We will continue to realize successful and innovative works parallel with our strategic objectives for 2016. We decided to stop paper manufacturing in Çorum plant.. This situation does not influence our corrugated box plant operations and our customer services. Çorum box plant will continue to maintain its operations with reliable and efficient as it was before.

Our company has used up to 100% of its paper production capacity and 79% of corrugated package capacity in 2015 and corrugated package sells increased 1.4% in the same year. During the last quarter of the year, we realized 10% accretion when compared to previous year. With regard to financial result of 2015, the annual turnover of Olmuksan Olmuksan International Paper is 522.8 millions TL and operation profit is 9.2 million TL and its net profit is 7.5 million TL. The capacity increase and technological revision investment amount are 18.9 million TL and our strategic investments will continue in 2016.

We expect a growth in corrugated packaging sector parallel to industrial growth in 2016. In recent years certain important factors like environment and hygiene create awareness upon the consumers. This situation is an indicator which shows that the corrugated package utilization level per individual in Turkey becomes closer the corrugated package utilization level per individual in Europe. Especially for us who focus on creating new markets, this situation is an important potential.

Our priority will be HUMAN in 2016. In this context, providing a work environment without any accident, initialize recordable and LIFE accidents are the most important objects for this year. Providing additional value with operational excellence, innovation and new capacity advantages and carrying an interest are certain main objects. Both studies and investments which aim to carry our operational efficiency to higher order will both reinforce our financial and competitive structures and support sustainable profitable growth. By investing in the caree development of our employees and by reinforcing the developments, we will be maintaining leadership at Olmuksan International Paper.

I'd like to express to present my thanks and best regards to all of our partners, clients and dear workmates who trust us and who do not deny their efforts and supports in 2015.

Ergun Hepvar
General Manager

Jonathan Edward Ernst
Chairman
(March 2015 - March 2018)

Jean-Marc Henri Anne Servais
Vice Chairman
(March 2015 - March 2018)

Kristien Florentine Maria Kaelen
Member
(March 2015 - March 2018)

David John Higgins
Member
(March 2015 - March 2018)

Metin Ünlü
Member
(March 2015 - March 2018)

Atıl Saryal
Member
(March 2015 - March 2018)

Jonathan Edward Ernst - Chairman

Jonathan Edward Ernst has been Vice President & General Manager of International Paper's corrugated packaging business in the Europe, Middle East & Africa region (EMEA) since August 2012. In that position, Mr. Ernst has leadership responsibility for International Paper's corrugated packaging business in EMEA, which generates annual net sales of over 1.3 billion US$, employs some 4,500 people and operates 25 corrugated box plants and three containerboard and recycled 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 position, 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 Corrugated 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, 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.

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).

David John Higgins - Member

David Higgins has been Director, Communications & Government Relations for International Paper EMEA since October 2007. He assumed responsibility for Sustainability in the region in August 2009. In that position, he has responsibility for all aspects of internal and external communications in the region, as well as government affairs in the EU member states. Prior to joining International Paper, Mr. Higgins held a variety of roles in marketing, communications and public relations at Deloitte, PricewaterhouseCoopers and the European Commission. Mr. Higgins holds a Bachelor's degree from University College Dublin, Ireland and a Master's degree in Marketing from Strathclyde University in Glasgow, Scotland.

Metin Ünlü - Independent Member

Metin Unlu was born on July, 17 1956. He graduated from Middle East Technical University Faculty of Management Science and has also a master degree from Middle East Technical University. 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.

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.

1)	*İzmir Plant General Manager*	**Osman Yeşilpınar**
2)	*Bursa Plant General Manager*	**Hikmet Şakar**
3)	*Çorum Plant General Manager*	**Özay Özdemir**
4)	*Çorlu Plant General Manager*	**Tamer Parla**
5)	*Trade Director*	**Tankut Özcan**
6)	*Adana Plant General Manager*	**Mustafa Cirit**
7)	*IT Manager*	**Ömer Keskiner**
8)	*Operation Director*	**Semih Çelebi**
9)	*Finance Director*	**Selda Ercantan Aksoy**
10)	*General Manager*	**Ergun Hepvar**
11)	*Human Resources Director*	**Betül Akol**
12)	*Supply Chain Director*	**Serdar Çiloğlu**
13)	*Gebze Plant General Manager*	**Yılmaz Selçuk**

Ergun Hepvar

Ergun Hepvar was born in 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 Lojistik (currently Ceva Lojistik) 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 January 7, 2008.

Serdar Çiloğlu

He was born in 1960. He received bachelor's degree from İTÜ 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 Supply Chain since March 2015.

Semih Çelebi

He was born in 1968, graduated from Anadolu Üniversitesi MMF, Industrial Engineering department, and has been working for our company since September13, 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 January 7, 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 March 29, 2013.

Mustafa Cirit

He was born on 1970, and graduated from Dokuz Eylül University, İ.İ.B.F, Business Administration department. He has been working for our company since May 2, 2003.

Hikmet Şakar

He was born in 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 August12,1991.

Tamer Parla

He was born in 1967 and he graduated from the Business Administration Department of Marmara University. He has been working for our company since December 23, 1991.

Özay Özdemir

He was born in 1970 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 May 2, 2000.

Yılmaz Selçuk

He was born in 1973 and he graduated from the Mechanical Engineering Department of Boğaziçi University. He has been working for our company since April 1, 2000.

Osman Yeşilpınar

He was born in 1960 and he graduated from the Textile Engineering Department of Ege University. He has been working for our company since May 5, 1988.

Ömer Keskiner

He was born in 1978 in İstanbul and he graduated from Saint-Joseph High School and Galatasaray University Computer Engineering Department. He received MBA degree from Galatasaray University Faculty of Social Science. He has been working for our company since April 14, 2014.

1) Period of the report

January 1, 2015 - December 31, 2015

2) Title of The Company

Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş.

3) Board of Directors

- Jonathan Edward Ernst - Chairman of the Board
  Duty Period (March, 2015 – March, 2018)

- Jean-Marc Henri Anne Servais - Vice Chairman
  Duty Period (March, 2015 – March, 2018)

- Kristien Florentine Maria Kaelen - Member
  Duty Period (March, 2015 – March, 2018)

- David John Higgins - Member
  Duty Period (March, 2015 – March, 2018)

- Atıl Saryal - Independent Member
  Duty Period (March, 2015 – March, 2018)

- Metin Ünlü - Independent Member
  Duty Period (March, 2015 – March, 2018)

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

There was no change in the Articles of Association during the period.

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 for the last three years.

- **Shareholders with a share of more than 10% out of the issued capital :**
  I.P. Container Holdings Spain S.L. (%91,65)

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 80.000 tons/year of recycled paper and 338,000 tons/year of confection, has been operating in the sector of corrugated since 1968. The company collects the waste fiber as raw material for its Edirne Paper Mill and converts the manufactured papers into corrugated boxes in its Gebze, İzmir, Adana, Çorlu, Çorum and Bursa Plants.

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, Izmir, Adana, Bursa, Çorum 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, 2005, 2012 and 2015. 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 (E), (B),(A) and (C) flute 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 m2 and 14,500 m2 of covered area. Izmir manufactures (B), (C) flute 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 m2 and a total area of 45,000 m2, 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 m2, with a covered area of 27,787 m2. (B), (A), (C), (E) flute 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 m2 and a total area of 7,500 m2. 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 m2 and a total area of 32.989 m2. 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.

ÇORUM PLANT

Çorum Box Plant, which started production in 1976, has a covered area of 19,000 m2..producing (ACB) Triple wall, (CB) Double wall, (C), (B) and (E) flute. 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.

In relation to the Çorum site located at Akkent Mahallesi, Ankara Yolu Bulvarı No:10 Çorum where the Company operates a box plant and a paper mill, the Board of Directors has unanimously decided for the Company to discontinue using the paper production building and cease its paper mill operations as of March 25, 2015 at the Çorum site.

ÇORLU PLANT

Located in the Thrace region, Çorlu is in operation since 2002. It has a 14,936 m2 closed area and a total area of 34,667 m2. 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 (B), (C) flute and double wall (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 30 investment projects were performed in the year 2015 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. New machinery investments have been performed in order to increase standard box capacity in Çorum, Adana and İzmir Plants. 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 intesity, workers' health and work safety, environment as well as and the preservation of natural resources. Our investments conform our sustainability principles to help achieve and exceed both market and customers expectations.

Facility Capacities:

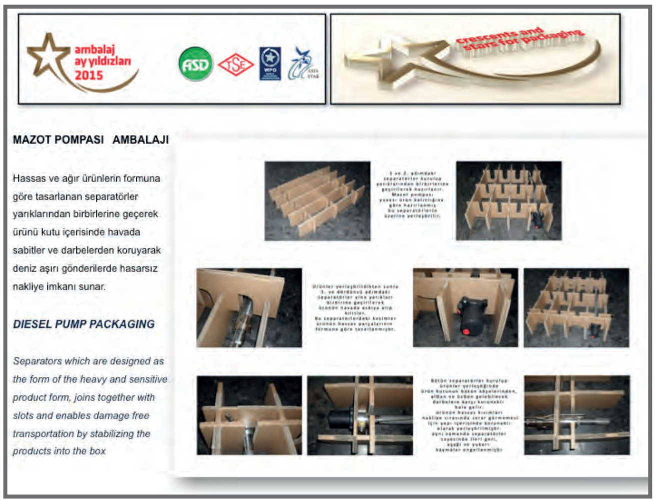
Confection capacity,
338,000 tons/year;

Paper capacity,
80,000 tons/year.

Crescent and Stars of Packaging Awards 2015

Olmuksan International Paper Takes Two Silver Awards

Olmuksan International Paper has 2 Silver Awards for “Buiit-in Stove Top Packaging” and “Diesel Pump Packaging” designs in the Industrial Trasportation category.
Two packages designed and produced by Olmuksan International Paper were recognized for their innovative design by the Turkish Packaging Manufacturers Association.



Olmuksan International Paper in Press

GÜNDEM | İNOVATİF ŞİRKETLER

AMBALAJ SEKTÖRÜNÜN İNOVASYON ÜSSÜ

Oluklu mukavva ambalaj sektöründe 1968'den buyana faaliyet gösteren Olmuksan International Paper, Türkiye'nin farklı bölgeleri ve ihracat pazarlarına yüksek kalitede ürün ve hizmetler sunuyor. Kâğıdı oluklu mukavvaya, oluklu mukavvayı ambalaja dönüştürdüklerini ifade eden Olmuksan International Paper Genel Müdürü Ergun Hepvar, “Bugüne kadar teknoloji ve pazarda yaşanan değişim ve gelişmeleri müşterilerimize hızlı biçimde aktarmayı başaran bir şirket olduk. Bizim için yaptığımız iş kadar, iş yapış biçimimiz de önemli. Biz buna ‘IP Tarzı’ diyoruz. IP Tarzı'nın temellerini “işe ve paydaşlara bağlılık” oluşturur” derken, sayıları bine ulaşan adanmış çalışanlarıyla, altı kutu ve bir geri dönüşümlü kâğıt üretim fabrikasında, yüksek standartlarda üretim yapmaya devam ettiklerini dile getiriyor.

İnovasyona ilginin üst seviyede sürmesi şart

Günümüzde ekonomik düzenin bir değişim içerisinde olduğuna da değinen Hepvar, bu doğrultuda, ihtiyaçları zamanında fark edebilmek, etkili çözümler sunabilmek ve çevresel sorunlarla mücadele edebilmek için yenilikçi olunması gerekliliğine işaret ediyor. Türkiye'nin de 2023 vizyonunu destekleme taahhüdü kapsamında, yeni işbirlikleri ve projelerle inovasyon, ar-ge, yerelleşme, üretim ve ihracat artışına odaklandığını ifade eden Hepvar, inovasyona ilginin üst seviyede sürmesini şart olarak gördüklerinin altını çiziyor. Hepvar, şirketlerin inovasyon kültürünü kurum kültürü haline getirebilmelerinin önemine değinirken, bunun uzun bir yolculuk olduğuna vurgu yaparak, “Kurum içi etkili inovasyon kültürü oluşması ve yaygınlaşması için, ilk olarak üst düzey yöneticilerin süreci özümsemesi ve çalışanların ifade gücünü arttırıcı özgün platformlar oluşturması önemlidir” diyor. Hepvar'ın üzerinde önemle durduğu bir başka ölçüt ise bilim üreten üniversite ve araştırma enstitüleri ile işletmeler arasındaki ilişkilerin düzeyi… Bu anlamda, bilim üreten kurumlarla işletmeler arasındaki iletişim ve işbirliğinin, işletmelerin inovasyon sistemlerini desteklemesi gerekliliğini dile getiren Hepvar, Türkiye'nin bilim ve teknoloji çıktılarının endüstriye kazandırılıp iş fırsatlarına dönüşümüyle, inovasyonun tetikleneceğine olan inancını vurguluyor.

İnovasyon, yarının dünyasında var olmanın anahtarıdır

Diğer yandan, Ergun Hepvar, son on yılda oluklu mukavva sektörünün yüzde 100 büyüdüğüne işaret ederken, Türkiye'nin Avrupa'daki en büyük oluklu mukavva üreticileri arasında yedinci sırada olduğu bilgisini de paylaşıyor. Sektörün, bu anlamda, küresel ölçekte rekabet gücünü artırmak için inovasyona odaklanması gerekliliğinin altını çizen Hepvar, inovasyon odaklı büyümeye imkân veren mevcut yapının, ekonomiye önemli katkılar sağladığını ifade ediyor.
Olmuksan International Paper'ın Türkiye'deki inovasyon merkezinde ise ürün tasarımdan başlayan ve nihai haline gelene kadarki aşamaları içeren projeler ürettiklerini dile getiren Hepvar, “İnovasyon, yarının dünyasında var olmanın anahtarıdır. İnsanların hayatını kolaylaştıran geniş ürün yelpazesi için üretim ve dağıtım yapıyor; müşterilerimizin stratejik hedeflerine katkıda bulunan, inovatif fikirleri çözüme dönüştüren modeller hazırlıyoruz” diyor.

Olmuksan International Paper Genel Müdürü
ERGUN HEPVAR

GLOBAL HUMAN RESOURCES PROCESSES (GPS/SAP) PROCEJT

International Paper conveyed the global human resources processes it founded in 2014 into a global SAP human resourcues tool, combining all IP regions and countries. This year, as part of lauching and monitoring of this project, the Success Factor module was implemented. This module is a system by means of which the employees plan and keep track of the fields of performance management, career management and development. Thanks to Success Factor, not only the employees may have easy access to their own information, but also the managers may keep track of their employee information over the system. It has also been implemented in our company simultaneously with IP.

FIRST LINE LEADERSHIP DEVELOPMENT PROGRAM (FLL)

In the 8 months long development program we have put into practice in our company since 2014, a total number of 24 managers have mastered the manager development modules of Develop Dimension International at international standards. Essential IP culture, coaching skills, team management, and conflict management have particularly been worked on therein. This program is to be carried on until incorporating all the first-stage managers in our company.

OCCUPATIONAL HEALTH AND SAFETY LEADERSHIP PROGRAM

The development project being carried out by International Paper in cooperation with Balmert Consultancy Company in order to reinforce the leadership attributes by various means for the sake of creating a much better occupational safety performance has also been implemented in our company with the first group of 35 participants. In the ongoing process, it is aimed to have all team-managing levels in our company undergo this training, and thereby to create difference in raising the awareness of occupational safety.

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 Department

There is a unit in our company to maintain communication and contact with the investor and render service. This unit is comprised of the Budget and Financial Reporting Manager, Reyhan Altınay (0216 656 62 05, reyhan.altinay@ipaper.com); and Internal Control, Budget and Reporting Specialist Cumhur Oğultürk (0216 656 62 07, Cumhur.Ogulturk@ipaper.com). For being the person in charge of the duties and responsibilities as stipulated under the Corporate Communiqué (II-17.1.) of Capital Market Board (SPK), Reyhan Altınay, the Budget and Financial Reporting Manager of the Company, has been assigned also as the Investor Relations Department Manager and Corporate Governance Committee Member.

Investor Relations Department responded to the questions asked by the shareholders regarding the capital increase, dividend payouts, and general assembly meetings, fulfilled the processes of special condition statements, and informed the shareholders both verbally, and via e-mail, as requested, with true, accurate, and comprehensive knowledge, except those included within the scope of confidential and commercial secret. The company declares its operating results to the public quarterly. The web address of www.olmuksan-ipaper.com is at the service of the shareholder for enabling them obtain more detailed and regular information about the operations of the company, and have access to the information about the Company, which is obliged to be published in accordance with the applicable regulations.

3. Exercise of the Shareholders' Right to Obtain Information

The shareholders demanding information are responded either verbally, or via e-mail in parallel to their requests. Announcements regarding the shareholders' exercise of their rights are made on the Turkish Trade Registry Gazette and on the web address of www.olmuksan-ipaper.com by the mediation of the Public Disclosure Platform in accordance with the respective Capital Market regulations. It is audited by an independent audit company.

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 2015. Link is established with the Information Society Services on the internet site of the Company in compliance with Clause 1 of Article 1524 of Turkish Commercial Law No.6102.

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 30.03.2015. Quorum at the General Meeting was 92.25%. For the General Assembly date, letters in the name of the holders have been sent; announcement has been made to Istanbul Stock Exchange on March, 5 and is published in the Commercial Registry Gazette on March, 6. 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. Questions asked at the assembly meeting, and answers given thereto were disclosed to the public on the web site of the Company No proposals besides the Agenda items are brought forward. No Extraordinary General Assembly Meeting was held in between the dates of January 1st – December 31st, 2015.

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 it in the Trade Register Gazette and 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 Dividend Distribution Policy of the Company 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.

7. Transfer of Shares

International Paper Container Holdings (Spain) controls the Company since December 11, 2013. 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

70 disclosures of special events were made within 2015 under the regulations of CMB and were published in ISE. 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.

The information to be needed 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 agenda of the board of directors, minutes of the 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 made with the personnel of Olmuksan International Paper. 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 Olmuksan International Paper. Written, oral and electronic communication platforms were set up to enable the personnel of Olmuksan International Paper 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. Besides, a web page was composed for receiving the feedbacks via the internet site, and a customer satisfaction survey was made thereon.

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 Olmuksan International Paper 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 Olmuksan International Paper and 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 2015.

14. Stakeholders' Participation in the Company Management

Data collected about the personnel through the information sharing meetings and personnel satisfaction questionnaire is reviewed at meetings held by the Executive Management.

Data collected about the customers through customer satisfaction questionnaire and field surveys is 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.

15. Company Policy on Human Resources

Our human resources policies are based on to create an enthusing and elating work environment for our employees, to generate employee engagement and 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 been 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 Olmuksan International Paper, trade unions are regarded not as the "counterparties", but as the "social partners", and the relations being 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 Olmuksan International Paper are as follows:

- Olmuksan International Paper 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 aids 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 July 1st, 2014 – June 30th, 2016 to be applicable for all of our employees (disregarding their trade union memberships), who work within the corporate body of Olmuksan International Paper, and pay contribution fee, has been agreed.

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, which are the same, and applicable International Paper-wide, have been determined in order to declare 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 in the face of 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 Olmuksan International Paper:

The major part of our main strategies are producing 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, all our wish and commitment is continuously improving 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 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 provide all workers to reach to 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 has ISO/TS:16949 Technical Management certificate. In line with our sustainability goals our Adana, Bursa, Çorlu, Çorum, Gebze and Izmir plants hold FSC Coc and PEFC Forestry Management Council Protection Chain Certificate. Edirne paper mill holds FSC Coc Forestry Management Council Protection Chain Certificate. Our box plants are member of SEDEX and hold UN document (ADR / RIDIMDG: Transport of Hazardous Materials).

PART IV – BOARD OF DIRECTORS

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

Board members are non-executive and two of them are independent. CV's of the board members and the Independence Statements of the independent members are available in the annual report.

The distribution of task of the Board Of Directors are as follows:

Jonathan Edward Ernst
Chairman, Non-Executive

Jean-Marc Henri Anne Servais
Vice Chairman, Non-Executive

Kristien Florentine Maria Kaelen
Member, Non-Executive

David John Higgins
Member, Non-Executive

Atıl Saryal
Member, Non-Executive

Metin Ünlü
Member, Non-Executive

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

Members of the Board of Directors comply with the qualifications described in 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.

21. Risk Management and Internal Control System (Continued)

The task of reviewing the risk management, internal control and audit findings action plans are assigned to the Director of Finance. Early Detection of Risk Committee Duty and Operating Procedures has been issued in order to establish Early Detection of Risk Committee duty and operating procedures, to determine the financial, operational, strategic etc. risks and opportunities that can affect company 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 26 meetings within 2015, 2 of which were face-to-face meetings, 2 of conference meetings, the remaining 22 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 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.

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 has been elected among the independent members.

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

Corporate Governance Committee Members:

Metin Ünlü,
Member of the Board of Directors

Atıl Saryal,
Member of the Board of Directors

Reyhan Altınay,
Manager of the Investor Relations Unit

Audit Committee Members:

Atıl Saryal,
Member of the Board of Directors

Metin Ünlü,
Member of the Board of Directors
Early Detection of Risk Committee Members:

Metin Ünlü,
Member of the Board of Directors

Atıl Saryal,
Member of the Board of Directors

Audit Committee was held for five times, and having the minutes of the meetings written down, the resolutions passed thereat were submitted to the Board of Directors.

Corporate Governance Committee was assembled for two times, and the results of the meetings were submitted to the Board of Directors.

Early Detection of Risk Committee was assembled for six times, and the report consisted of its activities was submitted to the Board of Directors.

No conflict of interest has been observed in any of the operations conducted by the Committees.

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 2015.

“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
- 35% increase in third-party certified fibre volume
- Reduce generation and disposal of manufacturing waste to landfills by 30%, and ultimately to zero.
- Injury - 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 2015 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiary (together will be referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. and its subsidiary as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 4 March 2016.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gökhan Alpman, SMMM

Partner

İstanbul, 4 March 2016

CONTENT	PAGE

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	**Notes**	**Current Period 31 December 2015**	**Prior Period 31 December 2014**
Current Assets		**275,057,570**	**225,969,846**
Cash and cash equivalents	5	878,018	9,493,194
Trade receivables		197,175,054	153,234,692
- Due from related parties	6	*205,942*	*531,719*
- Due from non-related parties	7	*196,969,112*	*152,702,973*
Other receivables		29,107	210,984
- Due from related parties	8	-	*184,104*
- Due from non-related parties	8	*29,107*	*26,880*
Inventories	10	74,143,842	61,089,496
Prepaid expenses	11	2,322,587	1,564,685
Other current assets	19	508,962	376,795
Non-Current Assets		**161,936,024**	**132,239,551**
Investments accounted for using equity method	3	-	10,152,612
Property, plant and equipment	12	157,316,714	118,861,591
Intangible assets	13	1,439,350	1,622,351
Prepaid expenses	11	1,065,783	1,602,997
Deferred tax assets	28	2,114,177	-
TOTAL ASSETS		**436,993,594**	**358,209,397**

The consolidated financial statements as of 1 January – 31 December 2015 have been approved by the Board of Directors of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. on 4 March 2016.

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

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	**Notes**	**Current Period 31 December 2015**	**Prior Period 31 December 2014**
Current Liabilities		**158,096,516**	**92,425,054**
Short term financial liabilities	15	63,176,348	39,031,317
Trade payables		83,378,787	42,155,016
-Due to related parties	6	*32,701,923*	*868,453*
-Due to non-related parties	7	*50,676,864*	*41,286,563*
Employee benefits payable	17	246,458	2,326,452
Other payables	8	3,072,161	1,499,865
-Due to non-related parties		*3,072,161*	*1,499,865*
Current income tax liabilities	28	-	441,866
Deferred revenue	11	563,844	668,625
Short term provisions		7,652,377	6,299,677
-Short term provision for employee benefits	17	*4,133,886*	*3,257,979*
-Other short term provisions	16	*3,518,491*	*3,041,698*
Other current liabilities		6,541	2,236
Non-Current Liabilities		**18,711,918**	**14,712,470**
Long term provisions		10,970,702	12,622,000
- Long term provision for employment termination benefits	17	*10,970,702*	*12,622,000*
Deferred tax liabilities	28	7,741,216	2,090,470
TOTAL LIABILITIES		**176,808,434**	**107,137,524**
EQUITY		**260,185,160**	**251,071,873**
Share capital	20	32,602,500	32,602,500
Adjustment to share capital	20	90,564,317	90,564,317
Restricted reserves	20	8,831,260	8,831,260
Other comprehensive income/ expense not to be reclassified to profit or loss		(475,176)	(2,046,376)
-Actuarial loss arising from defined benefit plans		(475,176)	(2,046,376)
Prior year's profits		121,120,172	105,461,385
Net profit for the period	20	7,542,087	15,658,787
TOTAL LIABILITIES AND EQUITY		**436,993,594**	**358,209,397**

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

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENTS PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2015

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

	Notes	**Current Period** **1 January-31 December 2015**	**Prior Period** **1 January-31 December 2014**
Net sales	21	522,776,480	515,400,838
Cost of sales (-)	21	(452,917,178)	(422,525,653)
GROSS PROFIT		**69,859,302**	**92,875,185**
General administrative expenses (-)	22	(49,823,442)	(41,953,660)
Marketing, selling and distribution expenses (-)	22	(35,691,693)	(36,111,717)
Other operating income from main activities	23	12,383,600	12,695,984
Other operating expenses from main activities (-)	23	(9,464,839)	(4,449,157)
OPERATING (LOSS)/PROFIT		**(12,737,072)**	**23,056,635**
Other income from investing activities	24	22,280,548	191,548
Other expenses from investing activities (-)	24	(1,887)	(43,386)
Share of profit /loss of invenstments accounted for using the equity method	3	(367,296)	64,994
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**9,174,293**	**23,269,791**
Financial income	26	465,126	275,507
Financial expenses (-)	26	(4,908,781)	(3,506,458)
PROFIT BEFORE TAX FROM OPERATINS		**4,730,638**	**20,038,840**
Tax income/(expense) from continued operations			
-Current income tax expense (-)	28	-	(4,270,475)
-Deferred tax income/(expense)	28	2,811,449	(109,578)
NET PROFIT FOR THE PERIOD		**7,542,087**	**15,658,787**
Earnings per share		0.2313	0.4803
Earnings per share	29	0.2313	0.4803
OTHER COMPREHENSIVE (LOSS)/ INCOME			
Items that will not be reclassified subsequently profit or loss			
-Gain/(loss) on remasurement of defined benefit plans	27	1,964,000	(583,760)
-Tax effect of other comprehensive income/ expense not to be reclassified to profit or loss	27	(392,800)	92,743
OTHER COMPHERENSIVE (LOSS)/ INCOME		**1,571,200**	**(491,017)**
TOTAL COMPHERENSIVE INCOME		**9,113,287**	**15,167,770**

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

OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET A.Ş. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2015

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

				Other comprehensive income/(expense) not to be reclassified to profit or loss			
	Share Capital	**Adjustments on capital**	**Restricted Reserves**	**Actuarial gain/ (loss) arising from defined benefits plan**	**Prior years's profit**	**Net profit for the year**	**Total**
PRIOR PERIOD							
Balances as of 1 January 2014 (beginning)	**32,602,500**	**90,564,317**	**8,831,260**	**(1,555,359)**	**88,764,339**	**16,697,046**	**235,904,103**
Transfers	-	-	-	-	16,697,046	(16,697,046)	-
Total comprehensive income	-	-	-	(491,017)	-	15,658,787	15,167,770
Balances as of 31 December 2014 (closing)	**32,602,500**	**90,564,317**	**8,831,260**	**(2,046,376)**	**105,461,385**	**15,658,787**	**251,071,873**
CURRENT PERIOD							
Balances as of 1 January 2015 (beginning)	**32,602,500**	**90,564,317**	**8,831,260**	**(2,046,376)**	**105,461,385**	**15,658,787**	**251,071,873**
Transfers	-	-	-	-	15,658,787	(15,658,787)	-
Total comprehensive income	-	-	-	1,571,200	-	7,542,087	9,113,287
Balances as of 31 December 2015 (closing)	**32,602,500**	**90,564,317**	**8,831,260**	**(475,176)**	**121,120,172**	**7,542,087**	**260,185,160**

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

OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

	Notes	Current Period 1 January- 31 December 2015	Prior Period 1 January- 31 December 2014
A, Cash flows from operating activities:			
Net income for the year		7,542,087	15,658,787
Adjustments to reconcile profit for the period			
Depreciation and amortization	25	11,615,580	10,338,434
Interest income	26	(465,126)	(273,589)
Interest expense	26	4,908,781	3,500,281
Employment termination benefits	17	2,060,480	1,992,994
Reversals of provisions/provision expenses		2,155,808	2,384,458
Accounted for using equity method	3	367,296	(64,994)
Gain on establishment of subisidiary	9	(21,429,376)	-
Gain on sale of property plant and equipment and intangible assets	24	(849,285)	(148,162)
Allowance for doubtful receivables	7	4,495,848	1,060,181
Allowance for impairment on inventory	10	466,113	366,201
Tax (income) / expense	28	(2,811,450)	4,380,053
Changes in working capital:			
Change in trade receivables	6-7	(43,560,361)	(17,018,149)
Change in inventories	10	(12,558,917)	(1,164,875)
Change in other receivables and assets		99,568	416,346
Change in prepaid expenses	11	(757,902)	16,808
Change in employee benefit liabilities	17	(2,079,994)	2,296,461
Change in trade payables	6-7	41,140,048	990,318
Change in other payables and liabilities		1,344,880	143,503
Change in other short term provisions		(1,170,250)	(356,667)
Cash flows from operating activities:			
Taxes paid	28	(441,866)	(4,625,730)
Interests paid	26	(4,908,781)	(3,500,281)
Interests received	26	465,126	273,589
Employment termination benefits paid	17	(2,733,280)	(1,852,715)
Net cash (used in) /generated from operating activities		**(17,104,973)**	**14,813,252**
B, Cash flows from investing activities:			
Purchase of property, plant and equipment	12	(18,913,844)	(19,637,935)
Proceeds on disposal of property plant and equipment		2,565,889	368,525
Purchase of intangible assets	13	(113,518)	(469,762)
Net cash inflow from new subsidiary	9	318,367	-
Advances given for purchase of property, plant and equipment	11	537,214	274,027
Net cash used in investing activities		**(15,605,892)**	**(19,465,145)**
C, Cash flows from financing activities			
Repayments of borrowings		(143,812,926)	(110,706,885)
Proceeds from bank borrowings		167,908,615	118,710,027
Net cash generated from financing activities		**24,095,689**	**8,003,142**
Change in cash and cash equivalents		**(8,615,176)**	**3,351,249**
Cash and cash equivalents at the beginning of the period		9,493,194	6,141,945
Cash and cash equivalents at the end of the period	5	**878,018**	**9,493,194**

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

OLMUKSAN INTERNATIONAL PAPER AMBALAJ
SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

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 Group produces and sells various types of corrugated boxes since 1968. 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 and Manisa 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. By 24 March 2015 dated minute of the Board of Directors, as of 25 March 2015, the Company has decided to stop operational activities of Çorum plant and paper factory in Çorum plant which are located in Akkent Mahallesi, Ankara Yolu Bulvarı No: 10 Çorum. Group disposed the related asset from the balance sheet.

The Group's legal center address is FSM Mahallesi Poligon Caddesi Buyaka 2 Sitesi No: 8 34471 Ümraniye-İstanbul. As of 31 December 2015, the Group has 1032 employees (31 December 2014: 994). Shares of the Group have been listed on Borsa İstanbul ("BİAŞ") since 1986.

As it explained in detail in Note 9, as of 10 June 2015, the Company and Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi ("Kartonsan") have spin-off their joint venture company, namely Dönkasan Kağıt Hammaddeleri Sanayi ve Ticaret Anonim Şirketi ("Dönkasan"). With the spin-off transaction, Dönkasan has been terminated and assets and liabilities of Kartal and Adana factories has been transferred Doğal Kağıt Hammaddeleri Sanayi ve Ticaret Limited Şirketi ("Doğal Kağıt") which has established with 100% of shares.

The consolidated financial statements 1 January to 31 December 2015 have been approved by the Board of Directors of Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş. on 4 March 2016. The shareholders of the Group have the right to change financial statements and financial statements are subject to approval by shareholders at the annual general meeting.

The Group's controlling party is I. P. Container Holdings (Spain), S.L. and the Group's main shareholder and ultimate party is International Paper.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation
2.1.1 Financial reporting standards applied

The accompanying consolidated 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 ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

The financial statements of the Group 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 Group have been prepared accordingly.

The Company and its subsidiary 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 Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements
2.2.1 New and Revised Turkish Financial Reporting Standards

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

None.

b) New and revised TAS applied with no material effect on the consolidated financial statements

Amendments to TAS 19
Defined Benefit Plans: Employee Contributions 1
Annual Improvements to 2010-2012 Cycle T
FRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39 1
Annual Improvements to 2011-2013 Cycle
TFRS 3, TFRS 13, TAS 40 1

[1] Effective for annual periods beginning on or after 30 June 2014.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.1 New and Revised Turkish Financial Reporting Standards (continued)

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

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2010-2012 Cycle also led to amendments in related provisions of TFRS 9, TAS 27 and TAS 39, respectively.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.1 New and Revised Turkish Financial Reporting Standards (continued)

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

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

TFRS 9	*Financial Instruments*
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*
Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	*Agriculture: Bearer Plants* [1]
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint operations* [1]
Annual Improvements to 2011-2013 Cycle	*TFRS 1* [2]
Amendments to TAS 1	*Disclosure Initiative* [2]
Annual Improvements to 2012-2014 Cycle	*TFRS 5, TFRS 7, TAS 34, TAS 19* [2]
Amendments to TAS 27	*Equity Method in Separate Financial Statements* 2
Amendments to TFRS 10 and TAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* 2
Amendments to TFRS 10, TFRS 12 and TAS 28	*Investment Entities: Applying the Consolidation Exception* [2]
TFRS 14	*Regulatory Deferral Accounts* [2]

[1] Effective for annual periods beginning on or after 31 December 2015.

[2] Effective for annual periods beginning on or after 1 January 2016.

TFRS 9 *Financial Instruments*

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 *Mandatory Effective Date of TFRS 9 and Transition Disclosures*

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.1 New and Revised Turkish Financial Reporting Standards (continued)

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

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.1 New and Revised Turkish Financial Reporting Standards (continued)

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

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 *Disclosure Initiative*

This amendment adresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.1 New and Revised Turkish Financial Reporting Standards (continued)

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

Amendments to TAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 *Regulatory Deferral Accounts*

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2. Change Accounting Policies, Comparative Information and Restatement of Prior Year Financial Statements (continued)

2.2.2 Comparative Information and Restatement of Prior Year Financial Statements

The Group prepares its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Group prepared its financial position at 31 December 2015 on a comparative basis with financial position at 31 December 2014; and statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year of 1 January – 31 December 2015 on a comparative basis with financial statements for the period of 1 January - 31 December 2014.

2.3. Subsidiaries and Joint Ventures

As explained in detail in Note 9 of the Group was accounted for by a 50% effective ownership interest in the joint ventures Dönkasan 10 June 2015, the Group's financial statements have been accounted according to equity method. Effective percentage of shares of Dönkasan, which subject to spin-off, was 50% and area of activity was corrugated cardboard. The result of spinning-off was the end of the Dönkasan. Doğal Kağıt has been consolidated 100% in financial statements, as the result of spin-off of Dönkasan and establishing of Doğal Kağıt with 100% of shares owned by the Company.

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 3). Balances and transactions with related parties that are not subject to eliminations until 10 June 2015 are presented in related party disclosure.

Joint venture's financial statements are prepared in accordance with Turkish Financial Reporting Standards which explained in Note 2.1 as of 10 June 2015 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.

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 and prior period financial statement has been restated. 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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

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. 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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Impairment of Assets

At each reporting date, the Group 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 measured annually. When an indication of impairment exists, the Group 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.

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 Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

All other borrowing costs are recognized in profit or loss and other comprehensive income 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 Group, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Business combinations (continued)

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 TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;

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

Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Business combinations (continued)

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.

Business combinations (continued)

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 Group'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 Group 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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

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.

Investments, recorded or unrecorded in the maturity date regarding to the agreement which provides that the investment instruments will be delivered accordance to the time period defined by relevant market.

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'

Effective interest rate

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.

Available - for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

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.

Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

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 Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

Financial liabilities are classified as either financial liabilities at 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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

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

the statutory accounts of the Group, 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.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Events after the balance sheet date

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provision, contingent assets, contingent liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to 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".

Taxation and deferred tax

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 in the period in 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 end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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" ("TAS 19").

The retirement benefit obligation recognized in the statment of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. The actuarial gains and losses are recognized in other comprehensive income.

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 Group.

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 Group.

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

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 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

The management has made some judgements regarding to determination of useful lives, allowance for the inventory (Note 10) and doubtful receivables (Note 7),

Most of trade receivables are secured and the remaining trade receivables for doubtful receivable provision based on past default experience and maturity are determined by evaluating the number of days.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (continued)

Critical accounting judgments and estimations (continued)

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 28).

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 POA

The Group management is responsible for preparation and fairly presentation of the financial statements in accordance with TAS / TFRS and Turkish Accounting Standards issued by POA. Group management states 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 - INTERESTS IN OTHER ENTITIES

	31 December 2015		31 December 2014
	TL	(%)	TL
Dönkasan (*)	-	50	10,152,612
Total	**-**		**10,152,612**

(*) As stated in Note 1, equity method has been applied till the spin-off transaction dated on 10 June 2015.

Summary of financial information as of 10 June 2015 and 31 December 2014 for Dönkasan is as below:

		10 June 2015		31 December 2014
	(%)	TL	(%)	TL
Dönkasan	50	9,737,606	50	10,152,612
Total		**9,737,606**		**10,152,612**

	10 June 2015	31 December 2014
Current assets	16,945,256	22,861,001
Non- current assets	5,469,829	5,655,199
Total assets	**22,415,085**	**28,516,200**
Short term liabilities	1,430,596	6,543,552
Long term liabilities	1,509,277	1,667,425
Total liabilities	**2,939,873**	**8,210,977**

	10 June 2015	31 December 2014
Revenue	27,142,370	71,788,825
Net profit for the year	(734,592)	129,987
The Company's share in (loss)/profit of joint venture for the period	(367,296)	64,994

	1 January- 10 June 2015	1 January- 31 December 2014
Opening balance	**10,152,612**	**10,207,664**
Income and expense from associates, net	(367,296)	64,994
Other (**)	(47,710)	(120,046)
Closing balance	**9,737,606**	**10,152,612**

(**) With the result of recognition of IAS 19, "Employee Benefits" the actuarial losses were recognized in "actuarial gain/ (loss) arising from defined benefit plans" in other compressive income and in the statement financial position.

NOTE 4 - SEGMENT REPORTING

Lines of activities of the Group which is incorporated in Turkey 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 Group 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 Group and results of the operations are evaluated as determination of resources allocated to line of operations and inquiry of performance of these activities.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Banks		
-Demand deposits	671,919	933,995
-Time deposits	200,000	8,557,864
Cash on hand	6,099	1,335
Total	**878,018**	**9,493,194**

As of 31 December 2015 details of time deposits are as below;

Current Type	Original balance	TL Equivalent	Interest Rate
-			
TL	200,000	200,000	8,60%
Total	**200,000**	**200,000**	

As of 31 December 2014 details of time deposits are as below;

Current Type	Original balance	TL Equivalent	Interest Rate
TL	8,250,000	8,250,000	7,90%
TL	307,864	307,864	7,50%
Total	**8,557,864**	**8,557,864**	

As of 31 December 2015 the Group has no blocked bank deposits (31 December 2014: the Group has no blocked bank deposits).

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

NOTE 6 - RELATED PARTY DISCLOSURES

i.) Due from related parties:	31 December 2015	31 December 2014
International Paper - USA	205,942	531,719
Total	**205,942**	**531,719**

ii.) Due to related parties:	31 December 2015	31 December 2014
International Paper - USA	32,701,923	-
Dönkasan Dönüşen Kağıt Ham, San, ve Tic, A,Ş,	-	868,453
Total	**32,701,923**	**868,453**

The payable due to related parties arise mainly from purchase transaction and are due 120 days. The receivables are unsecured in nature and bear no interest.

NOTE 6 - RELATED PARTY DISCLOSURES (Continued)

III.) SALES TO/ (PURCHASE FROM) RELATED PARTIES

1 January - 31 December 2015	Inventory Purchase	Sales	Service Purchase	Service Sales
International Paper - USA	(126,925,024)	-	-	-
International Paper - Spain	(403,482)	-	-	-
International Paper - Belgium	-	-	(6,036,131)	84,189
International Paper - Poland	(147,711)	-	(756,716)	133,602
International Paper - Italy	-	-	(1,571)	-
International Paper - France	-	-	(2,752)	-
Dönkasan Dönüşen Kağıt Ham. San. ve Tic. A.Ş. (*)	(2,325,741)	11,183	-	940
Total	**(129,801,958)**	**11,183**	**(6,797,170)**	**218,731**

1 January - 31 December 2014	Inventory Purchase	Sales	Service Purchase	Service Sales
International Paper - USA	(110,493,839)	-	(184,104)	-
International Paper - Spain	-	-	(39,217)	68,818
International Paper - Belgium	-	-	(4,157,593)	-
International Paper - Poland	-	-	(424,383)	-
International Paper - Italy	(1,692)	-	(1,652)	-
International Paper - France	(950)	-	-	-
Dönkasan Dönüşen Kağıt Ham. San. ve Tic. A.Ş.	(12,440,401)	15,288	(251,499)	65,108
Total	**(122,936,882)**	**15,288**	**(5,058,448)**	**133,926**

(*) Includes transactions between 1 January-10 June 2015.

iv) Key management compensation

The Group 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 2015 and 2014:

	1 January- 31 December 2015	1 January- 31 December 2014
Short-term benefits	5,565,568	4,723,705
Other long-term benefits	209,131	150,652
Total	**5,774,699**	**4,874,357**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Other trade receivables

As of 31 December 2015 and 31 December 2014 details of other trade receivables from third parties are as below:

	31 December 2015	31 December 2014
Receivables	155,740,283	128,896,727
Notes receivables	65,244,064	41,086,166
Total	**220,984,347**	**169,982,893**
Allowance for unrealized financial income from credit sales	(5,179,711)	(2,722,566)
Allowance for doubtful receivables	(18,835,524)	(14,557,354)
Total	**196,969,112**	**152,702,973**

Average due date is 3 months for the trade receivables (31 December 2014: 3 months). Annual effective interest rate for trade receivables is 10% (31 December 2014: 10%).

As of 31 December 2015, the Group has TL 40,030,880 overdue trade receivables (31 December 2014: TL 32,322,084). As of 31 December 2015 the Group set allowance for doubtful receivables TL 18,835,524 (31 December 2014: TL 14,557,354).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

As of 31 December 2015 and 31 December 2014 aging of receivables that are past due but not impaired are as follows:

	31 December 2015	31 December 2014
Between 0-3 months	18,896,124	15,960,732
Between 3-6 months	1,233,370	1,291,585
Over than 6 months	1,065,862	512,413
Total	**21,195,356**	**17,764,730**

Movements of provision for doubtful receivables are as below:

	31 December 2015	31 December 2014
1 January	**(14,557,354)**	**(13,691,370)**
Provision for current period	(4,495,848)	(1,060,181)
Provision occurred with the spin-off transaction	(5,574)	-
Collections	223,252	194,197
31 December	**(18,835,524)**	**(14,557,354)**

Other trade payables

As of 31 December 2015 and 31 December 2014 details of trade payables to third party are as below:

	31 December 2015	31 December 2014
Trade payables	51,487,190	41,768,711
Less: Allowance for unrealized financing expense from credit purchasea	(810,326)	(482,148)
Total short term trade payables	**50,676,864**	**41,286,563**

Average due date is 30 days for the trade payables (31 December 2014: 30 days). Annual effective interest rate is 10% (31 December 2014: 10%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2015	31 December 2014
a) Other receivables from related parties		
Other receivables from related parties	-	184,104
Total	-	**184,104**

	31 December 2015	31 December 2014
b) Other receivables from non-related parties		
Other receivables	29,107	26,880
Total	**29,107**	**26,880**

	31 December 2015	31 December 2014
c) Other payables to non-related parties		
Tax payables	1,556,154	1,459,491
Social security payable	1,453,855	-
Other	62,152	40,374
Total	**3,072,161**	**1,499,865**

NOTE 9 – ESTABLISHMENT OF SUBSIDIARY

As it was declared at the public announcement on 8 June 2015, the Company and Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi ("Kartonsan") have spin-off of their joint venture company Dönkasan Kağıt Hammaddeleri Sanayi ve Ticaret Anonim Şirketi ("Dönkasan"). With the spin-off transaction, Dönkasan has been terminated and assets and liabilities of Kartal and Adana factories has been transferred Doğal Kağıt which has established with 100% of shares.

The Group management has recognized the spin-off transaction in accordance with IFRS 3 "Business Combination" paragraph 33. According to related paragraph, in a business combination in which no consideration is transferred, the acquirer shall determine using the acquisition-date fair value of the acquiree's equity interests. For this reason, as of 10 June 2015, the Company has measured fair value of assets and liabilities of Doğal Kağıt. Fair value of fixed assets has been measured by TSKB Gayrimenkul Değerleme A.Ş. ("TSKB"), which is independent valuation company. TSKB is authorized by CMB and providing real estate valuation service in accordance with capital market legislation and has sufficient experience and quality on fair value measurement.

NOTE 9 – ESTABLISHMENT OF SUBSIDIARY (Continued)

As of establishment date, Doğal Kağıt's fair value of assets and liabilities are as below:

	Doğal Kağıt 10 June 2015
Current assets	
Cash and cash equivalents	318,367
Trade and other receivables	4,925,705
Inventories	961,542
Non-current assets	
Property, plant and equipment	32,545,788
Intangible assets	31,156
Liabilities	
Trade and other liabilities	(1,612,649)
Deferred tax liabilities	(5,955,219)
Total	**31,214,690**

Gain arising from the spin-off transaction

Doğal Kağıt	
Investment valued by equity method	9,737,606
Loss on remeasurement of defined benefit plans	47,710
Less: Fair value of net assets of merged company	(31,214,690)
Gain arising from the spin-off transaction (*)	**(21,429,376)**

(*) Gain arising from the spin-off transaction, has been recognized in other income from investment activities in consolidated financial statements.

NOTE 10 - INVENTORIES

	31 December 2015	31 December 2014
Raw materials	64,932,769	51,004,579
Work in progress	4,874,306	4,518,181
Finished goods	5,883,780	6,790,381
Trade goods	135,177	145
Other inventories	464,869	457,156
Allowance for impairment on inventories (-)	(2,147,059)	(1,680,946)
Total	**74,143,842**	**61,089,496**

NOTE 10 - INVENTORIES (Continued)

Movement of allowance for impairment on inventory as of 2015 and 2014 is as below:

	1 January-31 December 2015	1 January-31 December 2014
Opening balance -1 January	**(1,680,946)**	**(1,314,745)**
Current period charge	(466,113)	(366,201)
31 December 2015	**(2,147,059)**	**(1,680,946)**

Raw materials amounting to TL 340,129,909 recognized as expense in cost of goods sold (2014: TL 313,203,490) (Note 31).

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

a) Short term prepaid expenses

	31 December 2015	31 December 2014
Prepaid expenses	1,310,308	1,084,585
Advances given to suppliers	1,012,279	480,100
Total	**2,322,587**	**1,564,685**

b) Long term prepaid expenses

	31 December 2015	31 December 2014
Advances given for property, plant and equipment	1,065,783	1,602,997
Total	**1,065,783**	**1,602,997**

c) Deferred revenues

	31 December 2015	31 December 2014
Advanced received	563,844	668,625
Total	**563,844**	**668,625**

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Additions	Disposals	Transfers	Additions related with the spin-off (Note 9)	31 December 2015
Cost						
Land	11,626,719	240,621	-	-	26,962,324	38,829,664
Land improvements	4,514,759	107,710	(33,400)	-	219,903	4,808,972
Buildings	57,525,012	66,645	(289,606)	3,455,801	2,281,261	63,039,113
Machinery and equipment	259,269,130	1,084,677	(1,878,232)	22,321,445	1,902,400	282,699,420
Motor vehicles	192,709	36,934	(152,000)	-	999,200	1,076,843
Furniture and fixtures	12,768,198	689,742	(23,199)	-	180,700	13,615,441
Construction in progress	11,271,987	16,687,515	-	(26,128,172)	-	1,831,330
Total	**357,168,514**	**18,913,844**	**(2,376,437)**	**(350,926) (*)**	**32,545,788**	**405,900,783**
Accumulated depreciation:						
Land improvements	(3,788,059)	(113,575)	10,356	-	-	(3,891,278)
Buildings	(28,050,349)	(1,553,973)	54,563	-	-	(29,549,759)
Machinery and equipment	(197,491,527)	(8,552,848)	587,707	-	-	(205,456,668)
Motor vehicles	(177,994)	(104,160)	(1,044)	-	-	(283,198)
Furniture and fixtures	(8,798,994)	(612,423)	8,251	-	-	(9,403,166)
Total	**(238,306,923)**	**(10,936,979)**	**659,833**	**-**	**-**	**(248,584,069)**
Net book value	**118,861,591**					**157,316,714**

(*) TL 350,926 is transferred from property, plant equipment to intangible assets (31 December 2014: TL 424,184).

As of 31 December 2015 there is no mortgage on lands, buildings and machinery and equipment of the Group (31 December 2014: No mortgage).

	1 January 2014	Additions	Disposals	Transfers	31 December 2014
Cost					
Land	11,626,719	-	-	-	11,626,719
Land improvements	4,471,911	42,848	-	-	4,514,759
Buildings	56,344,727	412,640	-	767,645	57,525,012
Machinery and equipment	252,095,306	1,629,839	(1,199,901)	6,743,886	259,269,130
Motor vehicles	183,539	9,170	-	-	192,709
Furniture and fixtures	11,073,472	580,349	(8,682)	1,123,059	12,768,198
Construction in progress	3,367,672	16,963,089	-	(9,058,774)	11,271,987
Total	**339,163,346**	**19,637,935**	**(1,208,583)**	**(424,184) (*)**	**357,168,514**
Accumulated depreciation:					
Land improvements	(3,670,555)	(117,504)	-	-	(3,788,059)
Buildings	(26,604,078)	(1,446,271)	-	-	(28,050,349)
Machinery and equipment	(190,802,822)	(7,669,421)	980,716	-	(197,491,527)
Motor vehicles	(175,178)	(2,816)	-	-	(177,994)
Furniture and fixtures	(8,287,255)	(519,243)	7,504	-	(8,798,994)
Total	**(229,539,888)**	**(9,755,255)**	**988,220**	**-**	**(238,306,923)**
Net book value	**109,623,458**				**118,861,591**

(*) TL 424,184 is transferred from property, plant equipment to intangible assets.

NOTE 13 - INTANGIBLE ASSETS

	31 December 2015	31 December 2014
As of 1 January		
Cost	5,727,166	4,833,220
Accumulated amortization	(4,104,815)	(3,521,636)
Opening net book value	**1,622,351**	**1,311,584**
Opening net book value		
Additions	113,518	469,762
Assets occurred with the spin-off transaction (Note 9)	31,156	-
Transfers	350,926	424,184
Current year amortization charge	(678,601)	(583,179)
Closing net book value	**(183,001)**	**310,767**
As of 31 December:		
Cost	6,222,766	5,727,166
Accumulated amortization	(4,783,416)	(4,104,815)
Net book value	**1,439,350**	**1,622,351**

NOTE 14 - IMPAIRMENT OF ASSETS

At each reporting date, the Group assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. As of 31 December 2015, the Group has booked allowance for doubtful receivables amounting to TL 18,835,524 (Note 7) and allowance for impairment on inventories amounting to TL 2,147,059 (Note 10).

NOTE 15 - FINANCIAL LIABILITIES

As of 31 December 2015 and 31 December 2014 details of bank borrowings are as below:

	31 December 2015		31 December 2014	
	Weighted average efficient interest rate (%)	**Amount TL**	**Weighted average efficient interest rate (%)**	**Amount TL**
Short term bank borrowings:				
TL (*)	13,25	30,857,937	10,75	30,960,000
TL	13,25	7,000,000	-	-
TL	13,25	5,000,000	-	-
TL	13,25	4,000,000	-	-
TL	13,25	7,000,000	-	892,927
Other (**)		9,318,411	-	7,178,390
Total		**63,176,348**		**39,031,317**

(*) The balance consists of spot bank loans from T.C. Ziraat Bankası A. Ş.

(**) Other financial liabilities consists vendor financing.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

Details of short term provisions are shown below:

	31 December 2015	31 December 2014
Legal claims	976,186	1,141,500
Other provisions	2,542,305	1,900,198
Total	**3,518,491**	**3,041,698**

1 December 2015 and 2014 movements of provision for legal claims are shown below:

	1 January-31 December 2015	1 January-31 December 2014
1 January	**1,141,500**	**1,083,667**
Provision occurred with the spin-off	231,442	-
Current period additions	406,352	414,500
Paid in current period (-)	(803,108)	(356,667)
31 December	**976,186**	**1,141,500**

The total of the law cases opened against the Group amounts to TL 976,186 (31 December 2014: TL 1,606,500). Legal advisors of the Group reviewed the law cases against the Group and provision amounting to TL 976,186 (31 December 2014: TL 1,141,500) is recognized for the expected law cases cash outflow.

As of 31 December 2015 and 2014 details of contingent liabilities and assets are shown below:

Guarantees given

	31 December 2015	31 December 2014
Guarantee letters given	6,548,684	8,000,653
Total	**6,548,684**	**8,000,653**

Guarantees received

	31 December 2015	31 December 2014
Guarantee cheques received	12,649,329	10,629,641
Guarantee letters received	13,822,298	10,009,468
Mortgage received	1,527,000	1,527,000
Total	**27,998,627**	**22,166,109**

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Below are the amounts of collaterals, pledges and mortgages ('CPM') of the Group as of 31 December 2015 and 31 December 2014:

	1 January-31 December 2015	1 January-31 December 2014
A, CPM's given for companies		
own legal personality (*)	6,548,684	8,000,653
B, CPM's given on behalf of		
fully consolidated companies	-	-
C, CPM's given for continuation of its economic activities on behalf on third parties	-	-
D, Other CPM	-	-
Total	**6,548,684**	**8,000,653**

(*) Guarantees letter given is for suppliers.

NOTE 17 - EMPLOYEE BENEFITS

	31 December 2015	31 December 2014
a) Employee benefits payable		
Payables to personel	246,458	2,326,452
Total	**246,458**	**2,326,452**

b) Short - term provisions for empleyee benefits

Provision for unused vacation	1,354,699	1,377,756
Other provisions	2,779,187	1,880,223
Total	**4,133,886**	**3,257,979**

c) Long - term provisions for empleyee benefits

Employee termination benefit provision	10,970,702	12,622,000
Total	**10,970,702**	**12,622,000**

NOTE 17 - EMPLOYEE BENEFITS (Continued)

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 Labour Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 four men).

The amount payable consists of one month's salary limited to a maximum of TL 3,828.37 (31 December 2014: TL 3,438.22) for each year of service at 31 December 2015.

Provision for employee termination benefits is not subject to any funding and also there is no any funding requirements. Provision for employee termination benefit defines the current value of total expected provision for the liabilities due to retirement of the employees. According to the Turkish labour law and legislations that are applied in Turkey, the group is obliged to pay severance payment to the employees who has work for the group at least 1 year, goes because of the military duty and decedent but except the firing due to inappropriate behaviour. The provision which is about the current value of defined benefit payment, is calculated by using anticipated liability method. All actuarial profit and loss are recorded to financial statements by associating with other comprehensive income statement.

TAS 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:

	2015	2014
Discount rate (%)	6.09	3.47
Probability of retirement (%)	96.0	96.0

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 TL 4,092.53 effective from 1 January 2016 (1 January 2015: TL 3,541.37) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

	2015	2014
Opening balance - 1 January	**12.622.000**	**12.018.006**
Service cost	995.255	903.000
Interest cost	1.065.225	1.089.994
Employment termination benefit paid	(2.733.280)	(1.852.715)
Actuarial losses/(gain) (Note 27)	(1.964.000)	463.715
Liabilities occurred with the spin-off transaction	985.502	-
Closing balance - 31 December	**10.970.702**	**12.622.000**

NOTE 18 - EXPENSES BY NATURE

	1 January- 31 December 2015	1 January- 31 December 2014
Raw materials, finished goods and trade goods	(347,268,494)	(315,209,829)
General production overhead	(75,029,022)	(82,749,970)
Personnel expenses	(51,853,126)	(44,383,756)
Transportation expenses	(24,196,659)	(25,282,543)
Depreciation and amortization (Note 2-13)	(11,615,580)	(10,338,433)
Services and consultancy expenses	(9,933,149)	(7,971,743)
Doubtful receivable expense (Note 6)	(4,272,596)	(865,984)
Insurance expenses	(3,569,732)	(3,165,148)
Rent expense	(2,334,933)	(2,198,599)
Travel expense	(1,973,769)	(2,099,792)
Information technology services	(1,365,742)	(1,210,467)
Maintenance expenses	(1,053,169)	(997,256)
Employee benefits	(875,907)	(106,876)
Communication expenses	(471,034)	(403,429)
Export expenses	(171,192)	(186,026)
Other expenses	(2,448,209)	(3,421,179)
Total	**(538,432,313)**	**(500,591,030)**

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

	2015	2014
Cost of sales	(452,917,178)	(422,525,653)
Marketing, selling and distribution expenses	(35,691,693)	(36,111,717)
General administrative expenses	(49,823,442)	(41,953,660)
Total	**(538,432,313)**	**(500,591,030)**

NOTE 19 - OTHER ASSETS

	31 December 2015	31 December 2014
a) Other current assets		
Job advances	134,849	281,664
Due from insurance indemnity	71,368	71,368
Other	302,745	23,763
Total	**508,962**	**376,795**

NOTE 20 – SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Group 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 Group as of 31 December 2015 and 31 December 2014 is presented below:

	31 December 2015	31 December 2014
Limit on registered share capital (historical)	50,000,000	50,000,000
Issued share capital	32,602,500	32,602,500

NOTE 20 – SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

At 31 December 2015 and 2014, the shareholder structure of the Group is stated below:

	31 December 2015		31 December 2014	
	Amount	**Share (%)**	**Amount**	**Share (%)**
I,P, Container Holdings (Spain), S,L	29,881,045	91.65	29,881,045	91.65
Other (publicly held)	2,721,455	8.35	2,721,455	8.35
Total	**32,602,500**	**100.00**	**32,602,500**	**100.00**

The Group's share capital comprises 3,260,250,000 shares (2014: 3,260,250,000 shares). The nominal value of each share amounts to TL0.01 (2014: TL 0.01). The Group does not have any privileged shares.

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 Group'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 Group amounts to TL 8,831,260 (31 December 2014: TL 8,831,260)

Dividend payment

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

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 as 31 December 2015and 2014, is as follows:

	31 December 2015	31 December 2014
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 losses	(11,422,295)	(27,846,973)
Net income/(loss) for the year (*)	(16,141,954)	16,424,678
Total	**222,303,865**	**238,445,819**

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

NOTE 21 - REVENUE

	1 January- 31 December 2015	1 January- 31 December 2014
Domestic sales	506,820,208	491,521,870
Export sales	17,915,571	25,841,491
Sales discounts (-)	(1,959,299)	(1,962,523)
Net sales	**522,776,480**	**515,400,838**
Raw materials used	(340,129,909)	(313,203,490)
Production overheads	(75,029,022)	(82,749,970)
Direct labour expenses	(20,962,448)	(16,157,816)
Depreciation (Note 12-13)	(9,657,214)	(8,408,038)
Change in work in progress	(356,125)	1,702,032
Change in finished goods	906,601	(2,831,897)
Cost of goods sold	**(445,228,117)**	**(421,649,179)**
Cost of trade goods sold	(7,689,061)	(876,474)
Cost of Sales	**(452,917,178)**	**(422,525,653)**
Gross profit	**69,859,302**	**92,875,185**

NOTE 22 - ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

General Administrative Expenses	1 January- 31 December 2015	1 January- 31 December 2014
Personnel expenses	(22,831,484)	(20,606,829)
Service and consultancy expenses	(9,933,149)	(7,971,743)
Depreciation expenses (Note 12-13)	(1,958,366)	(1,930,396)
Insurance expenses	(3,471,379)	(3,047,300)
Information technology services	(1,365,742)	(1,210,467)
Travel expenses	(1,275,452)	(1,404,308)
Rent expenses	(1,132,539)	(1,150,529)
Maintenance expenses	(1,053,169)	(997,256)
Stationery expenses	(381,700)	(332,782)
Communication expenses	(337,266)	(234,996)
Doubtful receivables expense (Note 7)	(4,272,596)	(865,984)
Other expenses	(1,810,600)	(2,201,070)
Total	**(49,823,442)**	**(41,953,660)**

Marketing, Selling and Distribution Expenses	1 January- 31 December 2015	1 January- 31 December 2014
Transportation expenses	(24,196,659)	(25,282,543)
Personnel expenses	(8,059,194)	(7,619,111)
Rent expenses	(1,202,394)	(1,048,070)
Travel expenses	(698,317)	(695,485)
Export expenses	(171,192)	(186,026)
Communication expenses	(133,768)	(168,432)
Insurance expenses	(98,353)	(117,849)
Stationery expenses	(77,173)	(59,866)
Other	(1,054,643)	(934,335)
Total	**(35,691,693)**	**(36,111,717)**

NOTE 23 - OTHER OPERATING INCOME/ (EXPENSES) FROM MAIN ACTIVITIES

a) Other operating income from main activities:	1 January- 31 December 2015	1 January- 31 December 2014
Unrealized interest income	8,842,868	9,975,154
Foreign exchain gain	3,268,705	2,162,269
Other sales income	-	103,647
Social security disability allowance income	45,004	61,362
Insurance income	128,136	10,693
Other income	98,887	382,859
Total	**12,383,600**	**12,695,984**

b) Other operating expense from main activities:	1 January- 31 December 2015	1 January- 31 December 2014
Unrealized interest expenses	(3,013,976)	(2,327,321)
Foreign exchange loss	(3,500,301)	(1,810,921)
Donation expenses	(11,877)	(9,789)
Other expenses (*)	(2,938,685)	(301,126)
Total	**(9,464,839)**	**(4,449,157)**

(*) Includes property, plant and equipment disposals of paper factory in Çorum plant. As of 25 March 2015, Board of Directors has decided to stop operational activities and the paper factory in Çorum plant.

NOTE 24 - INCOME AND EXPENSES FROM INVESTING ACTIVITES

a) Income from investment activities:	1 January- 31 December 2015	1 January- 31 December 2014
Gain on sale of property,plant and equipment	851,172	191,548
Gain arising from spin-off transaction (Note 9)	21,429,376	-
Total	**22,280,548**	**191,548**

b) Expense from investment activities:		
Loss on sale of property,plant and equipment	(1,887)	(43,386)
Total	**(1,887)**	**(43,386)**

NOTE 25 – EXPENSES BY NATURE

	1 January- 31 December 2015	1 January- 31 December 2014
Depreciation Expenses:		
Cost of goods sold	(9,657,214)	(8,408,038)
General administrative expenses	(1,958,366)	(1,930,396)
Total (Note 12-13)	**(11,615,580)**	**(10,338,434)**
Personnel Expenses:		
General administrative expenses	(22,831,484)	(20,606,829)
Cost of goods sold	(20,962,448)	(16,157,816)
Marketing, selling and distribution expenses	(8,059,194)	(7,619,111)
Total	**(51,853,126)**	**(44,383,756)**

NOTE 26 - FINANCE EXPENSES

	1 January- 31 December 2015	1 January- 31 December 2014
Interest income	465,126	273,589
Foreign exchange gain from bank borrowings	-	1,918
Total financial income	**465,126**	**275,507**

Interest expense	(4,908,781)	(3,500,281)
Foreign exchange loss from bank borrowings	-	(6,177)
Total financial expense	**(4,908,781)**	**(3,506,458)**

NOTE 27 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

As of 31 December 2015 and 2014 details of other comprehensive income are as below:

	1 January- 31 December 2015	1 January- 31 December 2014
Items not to be classified to profit or loss		
- Actuarial gain/(loss) arising from defined benefit plans (Note 17)	1,964,000	(583,760)
- Tax effect of other comprehensive income / expense not to be reclassified to profit and loss	(392,800)	92,743
Other comprehensive loss	**1,571,200**	**(491,017)**

NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The details of taxation on income for the years ended 31 December 2015 and 2014 are as below:

	1 January- 31 December 2015	1 January- 31 December 2014
Corporate and income taxes payable	-	4,270,475
Less: Prepaid current year corporate tax	-	(3,828,609)
Current income tax payable	**-**	**441,866**

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 2014: 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.

NOTE 28 – INCOME TAXES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES) (Continued)

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 2014: 20%).

Tax (income)/expense reconciliation is as below:

	1 January- 31 December 2015	1 January- 31 December 2014
Profit before tax	**4,730,638**	**20,038,840**
Expected tax expense (20%)	946,128	4,007,768
Disallowable expenses	217,220	164,783
Income exempt from tax	-	(204,737)
Invenstments accounted for using equity method	73,459	(12,999)
Gain on bargain purchase	(4,285,875)	-
Other	237,619	425,238
Total tax income/ (expense)	**(2,811,449)**	**4,380,053**

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2015 and 2014 are as below:

	Taxable temporary accumulated differences		Deferred tax assets/(liabilities)	
	2015	**2014**	**2015**	**2014**
Property, plant and equipment and intangible assets	(72,934,389)	(38,814,307)	(13,545,673)	(6,721,657)
Provision for employee termination benefits	10,970,702	12,622,000	2,194,140	2,524,400
Discount on trade receivables	-	-	-	-
and trade payables	4,369,384	2,240,418	873,877	448,084
Provisions	7,222,081	6,213,355	1,571,519	1,369,773
Other	16,395,492	1,444,652	3,279,098	288,930
Deferred tax liability - net			**(5,627,039)**	**(2,090,470)**

Movements of deferred tax liabilities as at 31 December 2015 and 2014 are as below:

	1 January- 31 December 2015	1 January- 31 December 2014
1 January	**(2.090.470)**	**(2.073.635)**
Deferred tax income / (expense)	2.811.449	(109.578)
Accounted under equity	(392.800)	92.743
Liabilities occurred with the spin-off transaction	(5.955.218)	-
31 December	**(5.627.039)**	**(2.090.470)**

NOTE 29 - 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 Group's earnings per share calculation are as below:

	1 January- 31 December 2015	1 January- 31 December 2014
Weighted average number of shares (equivalent of TL1)	32,602,500	32,602,500
Net income	7,542,087	15,658,787
Earnings per share (equivalent of TL1)	0.2313	0.4803

NOTE 30 - 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 Group is presented in Note 32.

NOTE 31 - FINANCIAL INSTRUMENTS

As of 31 December 2015, the financial instruments of the Company consist of loans and receivables.

As of 31 December 2015, the Group has financial liabilities amounting to TL 63,176,348 (31 December 2014: TL 39,031,317) (Note 15), receivables amounting to TL 197,595,054 (31 December 2014: TL 153,234,692) (Notes 6 and 7) and cash and cash equivalents amounting to TL 878,018 (31 December 2014: TL 9,493,194) (Note 5).

NOTE 32 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that the Group 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 Group consists of debt including the borrowings, cash and cash equivalents and equity.

The Management of the Group 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 Group 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 Group 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 general strategy of the company which is about equity does not have any difference from the previous period.

The company has no speculative financial instrument (including 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 2015 and 31 December 2014 are as below:

	31 December 2015	31 December 2014
Total liabilities	(176,808,434)	(107,137,524)
Cash and cash equivalents	878,018	9,493,194
Net debt	(175,930,416)	(97,644,330)
Equity	(260,185,160)	(251,071,873)
Equity+net debt	(436,115,576)	(348,716,203)
Net debt/ (Equity + net debt) ratio	0.40	0.28

b) Financial risk factors

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. In addition the Group 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 Group's risk assessment methods are not changed compared to the prior year.

NOTE 32 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are disclosed (Note 32).

As of 31 December 2015 and 31 December 2014, the Group's foreign currency position table denominated in Turkish Lira is as below:

	31 December 2015	31 December 2014
Assets	3,531,344	6,232,910
Liabilities	(29,761,734)	(1,321,630)
Net balance sheet position of foreign currency	**(26,230,390)**	**4,911,280**

Foreign currency risk of the Group is mainly related with USD and EURO balances.

Profit/ (Loss) 31 December 2015	**Appreciation**	**Depreciation**
Appreciation of USD against TL by 10%		
1- US Dollars net asset / liability	(2,300,331)	2,300,331
2- USD risk hedged amount (-)	-	-
3- USD net effect (1 +2)	**(2,300,331)**	**2,300,331**
Appreciation of EURO against TL by 10%		
4- Euro net asset / liability	(329,687)	329,687
5- Euro risk hedged amount (-)	-	-
6- Euro net effect (4+5)	**(329,687)**	**329,687**
Appreciation of other currencies against TL by 10%		
7- GBP net asset / liability	(489)	489
8- GBP risk hedged amount (-)	-	-
9- GBP net effect (7+8)	**(489)**	**489**
Total	**(2,630,507)**	**2,630,507**

Profit/ (Loss) 31 December 2014	**Appreciation**	**Depreciation**
Appreciation of USD against TL by 10%		
1- US Dollars net asset / liability	415,049	(415,049)
2- USD risk hedged amount (-)	-	-
3- USD net effect (1 +2)	**415,049**	**(415,049)**
Appreciation of EURO against TL by 10%		
4- Euro net asset / liability	64,996	(64,996)
5- Euro risk hedged amount (-)	-	-
6- Euro net effect (4+5)	**64,996**	**(64,996)**
Appreciation of other currencies against TL by 10%		
7- GBP net asset / liability	2,848	(2,848)
8- GBP risk hedged amount (-)	-	-
9- GBP net effect (7+8)	**2,848**	**(2,848)**
Total	**482,893**	**(482,893)**

NOTE 32 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c) Foreign currency risk management (continued)

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

		31 December 2015					31 December 2014				
		TL equivalent	USD	EUR	GBP	Other	TL equivalent	USD	EUR	GBP	Other
1,	Trade receivables	2,914,460	630,745	316,538	-	225,350	3,511,970	1,097,138	313,919	-	264,381
2a,	Monetary financial assets	41,191	13,930	216	-	-	453,319	168,822	7,981	10,935	-
2b,	Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3,	Other	575,693	75,643	111,957	-	-	2,267,621	808,557	139,206	-	-
4,	**Total current asset (1+2+3)**	**3,531,344**	**720,318**	**428,711**	**-**	**225,350**	**6,232,910**	**2,074,517**	**461,106**	**10,935**	**264,381**
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)**	**3,531,344**	**720,318**	**428,711**	**-**	**225,350**	**6,232,910**	**2,074,517**	**461,106**	**10,935**	**264,381**
10,	Trade payables	29,804,816	8,641,697	1,470,711	1,136	-	1,370,232	304,268	231,780	3,026	-
11,	Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a,	Other monetary liabilities	(43,082)	(9,938)	(4,464)	-	-	(48,602)	(19,607)	(1,099)	(10)	-
12b,	Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13,	**Total current liabilities (10+11+12)**	**29,761,734**	**8,631,759**	**1,466,247**	**1,136**	**-**	**1,321,630**	**284,661**	**230,681**	**3,016**	**-**
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)**	**29,761,734**	**8,631,759**	**1,466,247**	**1,136**	**-**	**1,321,630**	**284,661**	**230,681**	**3,016**	**-**
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)**	**(26,230,390)**	**(7,911,441)**	**(1,037,536)**	**(1,136)**	**225,350**	**4,911,280**	**1,789,856**	**230,425**	**7,919**	**264,381**
21,	**Net foreign currency position for monetary items (1+2a+3+5+6a-10-11-12a-14-15-16a)**	**(26,230,390)**	**(7,911,441)**	**(1,037,536)**	**(1,136)**	**225,350**	4,911,280	1,789,856	230,425	7,919	264,381
22,	**Fair value of foreign currency hedged financial assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23,	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
24,	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25,	**Export**	**17,915,571**	**4,482,494**	**1,634,691**	**-**	**1,021,245**	**25,841,491**	**8,667,411**	**1,894,320**	**139,495**	**1,587,377**
26,	**Import**	**202,731,925**	**54,151,793**	**18,585,337**	**-**	**-**	**204,503,777**	**63,167,335**	**20,571,151**	**-**	**-**

d) Interest rate risk management

Group's financial liabilities include fixed rate bank borrowings as of 31 December 2015 and 2014. The Group 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 Group's policies and procedures, and are presented in financial statements net of provision for doubtful receivables.

Group's sales mostly consist of domestic sales and by dealer and whole sales channels. Cost of raw materials depends on general price level in Turkey. 96.6% 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. Thanks to this system, there is not any significant risk regarding to receivables.

NOTE 32 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

e) Credit risk management (continued)

31 December 2015	Trade Receivables		Other receivables		Deposits at bank	Derivatie instruments
	Related Party	Other	Related Party	Other		
Maximum credit risk as of balance sheet date	**205,942**	**196,969,112**	**-**	**29,107**	**871,919**	**-**
- Hedged part of maximum risk with collateral	**-**	***890,989***	**-**	**-**	**-**	**-**
A Net book value of financial assets that are neither past due nor impaired	205,942	175,773,755	-	29,107	871,919	-
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	-	21,195,357	-	-	-	-
- The part of which is under guarantee with collateral	-	*890,989*	-	-	-	-
D Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	18,835,524	-	-	-	-
- Impairment (-)	-	(18,835,524)	-	-	-	-
- 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	-	-	-	-	-	-

31 December 2014	Trade Receivables		Other receivables		Deposits at bank	Derivative instruments
	Related Party	Other	Related Party	Other		
Maximum credit risk as of balance sheet date	**531,719**	**152,171,254**	**-**	**210,984**	**9,491,859**	**-**
- Hedged part of maximum risk with collateral	**-**	***6,106,940***	**-**	**-**	**-**	**-**
A, Net book value of financial assets that are neither past due nor impaired	531,719	134,406,524	-	210,984	9,491,859	-
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	-	17,764,730	-	-	-	-
- The part of which is under guarantee with collateral	-	*6,106,940*	-	-	-	-
D, Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	14,557,354	-	-	-	-
- Impairment (-)	-	(14,557,354)	-	-	-	-
- 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 32 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

f) Liquidity risk and management

The Group management has built an appropriate liquidity risk management framework for the management of the Group'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 Group's derivative financial liabilities and non-derivative financial liabilities is as below:

31 December 2015	Carrying value	Total cash flow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Financial liabilities	63,176,348	70,312,525	70,312,525	-	-	-
Trade payables	83,378,787	84,189,113	84,189,113	-	-	-

31 December 2014	Carrying value	Total cash flow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Financial liabilities	39.031.317	42.359.517	42.359.517	-	-	-
Trade payables	42.155.016	42.637.164	42.637.164	-	-	-

NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE DISLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair value of financial instruments

The estimated fair values of financial instruments have been determined by the Group, 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 Group 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 2015 is TL 70,312,525 (31 December 2014: TL 42,359,517).

NOTE 34 - SUBSEQUENT EVENTS

The articles of association of our Company –which is subject to a registered capital system– provide for an authorized capital ceiling of TL 50,000,000 which has expired on 31.12.2015. As such, on 28.12.2015, The Group made an application to in order to extend the permission term of the authorized capital ceiling for a period of five years which will be valid between 2016 and 2020 and such request was found appropriate as per the decision of the Capital Markets Board dated 22.01.2016.

As per the Board of Directors meeting of the Company dated 08.02.2016 and numbered 2, it has been decided to take opportunity of the process for extension of the permission term to also increase the authorized capital ceiling of the Company from 50,000,000 TL to the maximum amount allowed under Article 5/4 of the Communiqué on Authorized Capital System (II-18.1), being five times the Company's issued capital (i.e.,TL 163,012,500). Group's request was found appropriate as per the decision of the Capital Markets Board dated 15.02.2016.

NOTE 35 - OHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR, BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (31 December 2014: None).

NOTE 36 - DISCLOSURES TO STATEMENT OF CASH FLOW

As of 31 December 2015 and 2014 the Group has no blocked deposits (Note 5).

NOTE 37 - 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 bulletin 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, 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.

HEAD OFFICE
Fatih Sultan Mehmet Mahallesi,
Poligon Cad. Buyaka 2 Sitesi
No:8B 2.Kule Kat:8 Tepeüstü
Ümraniye / İSTANBUL / TÜRKİYE
Phone: (0216) 656 62 00
Fax: (0216) 290 51 39
E-Mail: contacttr@ipaper.com

ADANA PLANT
Hacı Sabancı Adana Organize Sanayi Bölgesi
Turgut Özal Bulvarı No:12
01350 Sarıçam / ADANA / TÜRKİYE
Phone: (0322) 394 33 64
Fax: (0322) 394 33 41
E-Mail: sales.adana@ipaper.com

ANTALYA PLANT
Antalya Organize Sanayi Bölgesi
1. Bölge 1. Cadde Kömürcüler Mevkii
Yeniköy / ANTALYA / TÜRKİYE
E-Mail: sales.adana@ipaper.com

BURSA PLANT
Organize Sanayi Bölgesi 2.Cadde No:3
16400 İnegöl / BURSA / TÜRKİYE
Phone: (0224) 714 81 40 (6 Hat)
Fax: (0224) 714 81 47
E-Mail: sales.bursa@ipaper.com

ÇORLU PLANT
Türkgücü Köyü Yolu Mücavir Alan
Sinan Bayraktar Sok. No:5
59850 Çorlu / TEKİRDAĞ / TÜRKİYE
Phone: (0282) 681 84 42
Fax: (0282) 681 81 75
E-Mail: sales.corlu@ipaper.com

ÇORUM PLANT
Akkent Mahallesi
Ankara Yolu Bulvarı No:10
19100 ÇORUM / TÜRKİYE
Phone: (0364) 235 00 50
Fax: (0364) 235 00 67
E-Mail: sales.corum@ipaper.com

EDİRNE MILL
Tayakadın Köyü
Köysokağı No:437
22160 EDİRNE/TÜRKİYE
Phone: (0284) 268 64 24 (3 Hat)
Fax: (0284) 268 62 42
E-Mail: contacttr@ipaper.com

GEBZE PLANT
Dilovası OSB 1.Kısım Dicle Cad. No:22
41455 Dilovası / KOCAELİ /TÜRKİYE
Phone: (0262) 754 74 60 (10 Hat)
Fax: (0262) 641 95 10
E-Mail: sales.gebze@ipaper.com

İZMİR PLANT
Kemalpaşa OSB Mahallesi
İzmir Kemalpaşa Asfaltı Caddesi No:73/1
35170 Kemalpaşa / İZMİR / TÜRKİYE
Phone: (0232) 877 03 60 (8 Hat)
Fax: (0232) 877 03 69
E-Mail: sales.izmir@ipaper.com

MANİSA PLANT
Manisa OSB 50. Yıl Caddesi
No:132 MANİSA / TÜRKİYE
E-Mail: sales.izmir@ipaper.com

EXPORT
Dilovası OSB 1.Kısım Dicle Cad. No:22
41455 Dilovası / KOCAELİ / TÜRKİYE
Phone: (0262) 754 74 60 (10 Hat)
Fax: (0262) 641 95 10
E-Mail: sales.gebze@ipaper.com

ANKARA OFFICE
Phone: (0312) 236 15 90
(0312) 230 03 24 (2 Hat)
Fax: (0312) 236 17 60
Gsm: (0532) 630 69 87

GAZİANTEP SALES OFFICE
Gsm: (0533) 283 26 91
Fax: (0322) 394 33 64

KONYA SALES OFFICE
Gsm: (0534) 516 90 21
Fax: (0312) 236 17 60

SAMSUN SALES OFFICE
Gsm: (0533) 594 00 60
Fax: (0362) 439 14 43