KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

We have audited the accompanying consolidated financial statements of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, 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 the standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by 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.

Deloitte.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. and its subsidiaries as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Additional Paragraph for US Dollar ("USD") Translation

"As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the offical USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2014 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency."

Reports on Other Legal and Regulatory Requirements

In accordance with paragraph four of Article 402 of Turkish Commercial Code No. 6102 ("TCC"); nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2014 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting

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

In accordance with paragraph four of Article 398 of 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 27 February 2015.

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

Ömer Tanrıöver, SMMM
Partner

İstanbul, 27 February 2015

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KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014

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

	Notes	Unaudited 31 December 2014 USD (*)	Unaudited 31 December 2013 USD (*)	Audited 31 December 2014	Audited 31 December 2013
ASSETS					
Cash and Cash Equivalents	4	5.898.418	24.583.288	13.677.842	52.468.112
Trade Receivables (net)	7	122.264.633	118.409.824	283.519.457	252.722.088
Trade Receivables from Related Parties	27	*5.559.342*	*1.322.195*	*12.891.559*	*2.821.961*
Trade Receivables from Third Parties		*116.705.290*	*117.087.629*	*270.627.898*	*249.900.127*
Other Receivables	8	2.920.552	9.368.691	6.772.467	19.995.598
Other Receivables from Third Parties		*2.920.552*	*9.368.691*	*6.772.467*	*19.995.598*
Derivative Financial Instruments	29	808.599	-	1.875.061	-
Inventories	9	195.611.272	174.692.454	453.602.979	372.846.105
Prepaid Expenses	10	6.775.896	6.032.360	15.712.626	12.874.865
Assets Related to Current Tax	25	4.192.643	2.265.319	9.722.321	4.834.871
Financial Investments		32.179	-	74.620	-
Other Current Assets	18	23.652.035	21.043.046	54.846.704	44.912.174
Subtotal		362.156.228	356.394.983	839.804.077	760.653.813
Non-Current Assets Held For Sale	11	1.891.129	-	4.385.340	-
Current Assets		**364.047.357**	**356.394.983**	**844.189.417**	**760.653.813**
Financial Investments	5	123.178	133.544	285.638	285.022
Other Receivables	8	7.235.460	9.137.105	16.778.309	19.501.323
Other Receivables from Third Parties		*7.235.460*	*9.137.105*	*16.778.309*	*19.501.323*
Investment Property	13	9.630.448	8.172.118	22.332.047	17.441.751
Property, Plant and Equipment	11	425.095.962	413.004.569	985.755.026	881.475.652
Intangible Assets		30.888.310	31.923.506	71.626.902	68.134.339
Goodwill	14	*19.662.412*	*21.363.054*	*45.595.167*	*45.595.167*
Other Intangible Assets	12	*11.225.898*	*10.560.452*	*26.031.735*	*22.539.172*
Prepaid Expenses	10	4.161.488	7.825.597	9.650.074	16.702.172
Deferred Tax Assets	25	8.946.215	10.242.367	20.745.377	21.860.284
Other Non-Current Assets	18	67.069	610.206	155.526	1.302.362
Non-Current Assets		**486.148.130**	**481.049.012**	**1.127.328.899**	**1.026.702.905**
Total Assets		**850.195.487**	**837.443.995**	**1.971.518.316**	**1.787.356.718**

(**) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 31 December 2014 USD (*)	Unaudited 31 December 2013 USD (*)	Audited 31 December 2014	Audited 31 December 2013
LIABILITIES					
Short Term Borrowings	6	170.157.968	140.942.953	394.579.311	300.814.544
Short Term Portion of Long Term Borrowin	6	10.229.665	9.939.638	23.721.571	21.214.169
Trade Payables	7	67.454.118	74.801.484	156.419.355	159.648.808
Trade Payables to Related Parties	27	*1.517.030*	*2.488.136*	*3.517.840*	*5.310.429*
Trade Payables to Third Parties		*65.937.089*	*72.313.348*	*152.901.515*	*154.338.379*
Employee Benefit Obligations	17	2.026.004	1.721.669	4.698.100	3.674.559
Other Payables	8	6.873.930	9.770.828	15.939.956	20.853.878
Other Payables to Third Parties		*6.873.930*	*9.770.828*	*15.939.956*	*20.853.878*
Deferred Income	10	1.434.160	617.417	3.325.674	1.317.753
Short Term Provisions	17	5.329.379	5.872.954	12.358.296	12.534.645
Short Term Provisions for Employee Benefits		*5.308.653*	*5.575.188*	*12.310.236*	*11.899.123*
Other Short Term Provisions		*20.725*	*297.766*	*48.060*	*635.522*
Other Current Liabilities	18	6.789.185	7.558.374	15.743.441	16.131.838
Current Liabilities		**270.294.409**	**251.225.317**	**626.785.704**	**536.190.194**
Long Term Borrowings	6	59.889.812	42.860.923	138.878.485	91.478.069
Trade Payables		216.827	279.052	502.799	595.581
Trade Payables to Third Parties		*216.827*	*279.052*	*502.799*	*595.581*
Other Payables	8	4.902.036	5.915.589	11.367.331	12.625.641
Other Trade Payables to Third Parties		*4.902.036*	*5.915.589*	*11.367.331*	*12.625.641*
Government Grants	15	1.078.714	1.301.305	*2.501.429*	*2.777.375*
Long Term Provisions	17	14.491.191	13.615.843	33.603.623	29.060.294
Long Term Provisions for Employee Benefits		*14.491.191*	*13.615.843*	*33.603.623*	*29.060.294*
Deferred Tax Liabilities	25	30.643.146	30.891.608	71.058.392	65.931.958
Non-Current Liabilities		**111.221.726**	**94.864.320**	**257.912.059**	**202.468.918**
Total Liabilities		**381.516.135**	**346.089.637**	**884.697.763**	**738.659.112**
SHAREHOLDERS' EQUITY					
Equity Attributable to Owners of the Company		**382.388.361**	**411.417.029**	**886.720.375**	**878.087.365**
Share Capital	19	83.888.514	91.144.205	194.529.076	194.529.076
Share Premium	19	26.759.608	29.074.102	62.052.856	62.052.856
Shareholders' Contribution		162.100.694	208.343.231	375.895.300	444.666.957
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss					
Financial Assets Fair Value Reserve		(116.500)	(126.576)	(270.151)	(270.151)
Currency Translation Differences	19	46.916.957	51.114.984	113.415.666	112.871.978
Hedging Reserve	19	651.783	-	1.511.419	-
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss					
Defined Benefit Plans Remeasurement Fund		(1.327.834)	(594.432)	(3.079.114)	(1.268.696)
Restricted Reserves		13.263.749	14.536.029	30.757.308	31.024.246
Retained Earnings	19	14.984.707	1.714.047	34.748.037	3.658.291
Net Income for the Period	19	35.266.683	16.211.439	77.159.978	30.822.808
Non-Controlling Interests		**86.290.991**	**79.937.329**	**200.100.178**	**170.610.241**
Total Equity		**468.679.352**	**491.354.358**	**1.086.820.553**	**1.048.697.606**
Total Liabilities and Equity		**850.195.487**	**837.443.995**	**1.971.518.316**	**1.787.356.718**

(**) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 1 January-31 December 2014 USD (*)	Unaudited 1 January-31 December 2013 USD (*)	Audited 1 January-31 December 2014	Audited 1 January-31 December 2013
PROFIT OR LOSS					
Sales	20	777.844.242	806.263.945	1.701.845.417	1.532.949.639
Cost of Sales (-)	20,21	(666.895.989)	(719.524.739)	(1.459.101.735)	(1.368.032.387)
GROSS PROFIT		**110.948.253**	**86.739.206**	**242.743.682**	**164.917.252**
Marketing Expenses (-)	21	(29.024.267)	(27.768.959)	(63.502.194)	(52.797.122)
General and Administrative Expenses (-)	21	(31.604.436)	(33.002.804)	(69.147.345)	(62.748.231)
Research and Development Expenses (-)	21	(1.420.436)	(2.048.279)	(3.107.773)	(3.894.393)
Other Operating Income	22	43.884.478	48.158.688	96.014.849	91.564.114
Other Operating Expenses (-)	22	(43.426.981)	(27.243.049)	(95.013.891)	(51.797.210)
OPERATING PROFIT		**49.356.611**	**44.834.803**	**107.987.328**	**85.244.410**
Income From Investing Activities	23	3.025.436	1.022.522	6.619.352	1.944.122
Expenses From Investing Activities (-)	23	(578.639)	(1.270.984)	(1.266.004)	(2.416.522)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		**51.803.408**	**44.586.341**	**113.340.676**	**84.772.010**
Financial Income	24	735.703	-	1.609.644	-
Financial Expenses (-)	24	(7.038.403)	(14.538.840)	(15.399.321)	(27.642.697)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**45.500.708**	**30.047.501**	**99.550.999**	**57.129.313**
Tax Expense:					
- Current Tax Expense	25	(6.127.888)	(4.786.350)	(13.407.206)	(9.100.287)
- Deferred Tax Income/ (Expense)	25	1.250.720	(2.790.819)	2.736.451	(5.306.185)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**40.623.540**	**22.470.332**	**88.880.244**	**42.722.841**
DISCONTINUED OPERATIONS					
Net profit / (loss) for the period from discontinued operations	31	2.601.948	(2.147.652)	5.692.803	(4.083.330)
PROFIT FOR THE PERIOD		**43.225.488**	**20.322.680**	**94.573.047**	**38.639.511**
PROFIT ATTRIBUTABLE TO:					
- Owners of the Parent		35.266.683	16.211.439	77.159.978	30.822.808
- Non-Controlling Interests		7.958.805	4.111.241	17.413.069	7.816.703
Earnings per share;					
- thousand shares TL	26	1,81	0,83	3,97	1,58
Earnings per share from continuing operations;					
- thousand shares TL	26	1,68	0,94	3,67	1,79

(**) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL average exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
PROFIT FOR THE PERIOD	**94.573.047**	**38.639.511**
Other Comprehensive Income:		
Income or Expenses That Will Not Be Reclassified to Profit or Loss	**(1.810.418)**	**-**
Defined benefit plans revaluation fund	(2.413.892)	-
Deferred tax income	603.474	-
Income or Expenses That Will Be Reclassified to Profit or Loss	**43.542.659**	**61.834.027**
Currency translation differences	42.031.240	60.453.847
Hedging reserve gains	1.886.431	1.725.225
Tax (expense) related to other comprehensive income items (*)	(375.012)	(345.045)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)	**41.732.241**	**61.834.027**
TOTAL COMPREHENSIVE INCOME	**136.305.288**	**100.473.538**
TOTAL COMREHENSIVE INCOME ATTRIBUTABLE TO:		
- Owners of the Parent	104.101.966	70.913.708
- Non-Controlling Interests	32.203.322	29.559.830

(*) Tax expense related to other comprehensive income accounts consists of the deferred taxes of hedging reserves.

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

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

				Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		Retained Earnings				
	Share Capital	Share Premium	Shareholders' Contribution	Financial Assets Fair Value Reserve	Hedging Reserve	Currency Translation Differences	Defined Benefit Plans Remeasurement Fund	Restricted Reserves	Retained Earnings	Net Income for the Period	Equity Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
Previously reported balances at 1 January 2013	194.529.076	62.052.856	444.666.957	(270.151)	(1.380.180)	74.161.258	-	28.384.668	-	39.655.348	841.799.832	148.394.866	990.194.698
Effect of restatement (Note 2.4)	-	-	-	-	-	-	(1.268.696)	-	-	1.268.696	-	-	-
Restated balances at 1 January 2013	194.529.076	62.052.856	444.666.957	(270.151)	(1.380.180)	74.161.258	(1.268.696)	28.384.668	-	40.924.044	841.799.832	148.394.866	990.194.698
Transfers	-	-	-	-	-	-	-	2.639.578	38.284.466	(40.924.044)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(34.626.175)	-	(34.626.175)	(7.344.455)	(41.970.630)
Total comprehensive income	-	-	-	-	1.380.180	38.710.720	-	-	-	30.822.808	70.913.708	29.559.830	100.473.538
Balances at 31 December 2013	194.529.076	62.052.856	444.666.957	(270.151)	-	112.871.978	(1.268.696)	31.024.246	3.658.291	30.822.808	878.087.365	170.610.241	1.048.697.606
Previously reported balances at 1 January 2014	194.529.076	62.052.856	444.666.957	(270.151)	-	112.871.978	(1.268.696)	31.024.246	3.658.291	30.822.808	878.087.365	170.610.241	1.048.697.606
Transfers	-	-	-	-	-	-	-	(266.938)	31.089.746	(30.822.808)	-	-	-
Impact of liquidation of subsidiary (*)	-	-	(68.771.657)	-	-	(26.697.299)	-	-	-	-	(95.468.956)	-	(95.468.956)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2.713.385)	(2.713.385)
Total comprehensive income	-	-	-	-	1.511.419	27.240.987	(1.810.418)	-	-	77.159.978	104.101.966	32.203.322	136.305.288
Balances at 31 December 2014	194.529.076	62.052.856	375.895.300	(270.151)	1.511.419	113.415.666	(3.079.114)	30.757.308	34.748.037	77.159.978	886.720.375	200.100.178	1.086.820.553

(*) During the accounting of losses from the disposal of Kordsa Argentina S.A., a subsidiary of the group, Kordsa Argentina's portion of the Shareholders' Contribution amounting to TL 68.771.657 that arise during the mergers in 2006 is utilized. In addition, accumulated currency translation reserve of Kordsa Argentina S.A. which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 15.715.494 has been recycled to the current year profit. During the liquidation of Kordsa Quingdao Nylon Enterprise ("KQNE"), accumulated currency translation reserve which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 10.981.805 has been recycled to the current year profit.

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

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

	Notes	Unaudited 1 January- 31 December 2014 USD (*)	Unaudited 1 January- 31 December 2013 USD (*)	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
A. CASH PROVIDED BY OPERATING ACTIVITIES		**25.181.070**	**30.232.176**	**55.093.668**	**57.480.439**
Profit for the period from continuing operations		40.623.540	22.470.332	88.880.244	42.722.841
Profit / loss from discontinued operations		2.601.948	(2.147.652)	5.692.803	(4.083.330)
Adjustments to reconcile profit / loss for the period					
Adjustments related to depreciation and amortization expenses	11,12	34.373.264	35.442.949	75.205.264	67.387.679
Provision for impairment on property, plant and equipment	11,12	915.746	-	2.003.561	-
Fair value changes of investment properties	13	(1.491.200)	876.182	(3.262.597)	1.665.884
Adjustments related to retirement pay provision	17	267.258	2.591.587	584.733	4.927.385
Adjustments related to deferred taxes	25	(1.250.720)	2.790.643	(2.736.451)	5.305.850
Adjustments related to interest income	23	(1.071.362)	(1.034.791)	(2.344.032)	(1.967.448)
Adjustments related to interest expense	24	6.728.489	8.203.678	14.721.261	15.597.653
Adjustments related to (gain) / loss on sale of property, plant and equipment	23	115.764	(308.085)	253.281	(585.762)
Adjustments related to redemption of government grants		(78.364)	(78.365)	(171.452)	(148.996)
Adjustments related to inventory obsolescence	9	916.795	220.006	2.005.856	418.297
Adjustments related to personnel bonus accruals	17	2.601.544	2.859.931	5.691.919	5.437.586
Adjustments related to vacation pay provision	17	1.064.553	66.101	2.329.135	125.677
Adjustments related to employee retirement benefit provision	17	1.202.389	978.468	2.630.707	1.860.361
Adjustments related to provision for doubtful receivables	7	109.089	116.483	238.676	221.470
Adjustments related to insurance income accruals		22.540	(8.166.599)	49.315	(15.527.155)
Adjustments related to tax expense	25	6.127.888	4.786.354	13.407.206	9.100.295
Adjustments related to unrealized finance expenses on credit purchases		687.030	817.253	1.503.154	1.553.843
Adjustments related to unearned finance income on credit sales		(3.627.435)	(2.170.756)	(7.936.465)	(4.127.258)
Adjustments related to unrealized foreign exchange (gains) / losses		1.455.245	278.420	3.183.931	529.360
Adjustments related to fair value changes of derivative financial instruments		(166.206)	-	(363.642)	-
Changes in working capital					
Adjustments related to increase/ decrease in trade receivables		(19.793.000)	(32.150.611)	(43.305.104)	(61.127.956)
Adjustments related to increase/ decrease in inventories		(44.633.463)	(21.589.998)	(97.653.554)	(41.049.063)
Adjustments related to increase/ decrease in other short-term receivables		(4.632.081)	(9.128.491)	(10.134.531)	(17.355.999)
Adjustments related to increase/ decrease in other long-term receivables		(472.866)	7.731.244	(1.034.583)	14.699.415
Adjustments related to increase/ decrease in trade payables		9.603.103	32.282.082	21.010.630	61.377.922
Adjustments related to increase/ decrease in other long-term trade payables		(42.407)	94.108	(92.782)	178.928
Adjustments related to increase/ decrease in other short-term other payables and liabilities		(2.528.671)	214.369	(5.532.480)	407.580
Adjustments related to increase/ decrease in other long-term other payables and liabilities		366.318	222.130	801.468	422.335
Adjustments related to increase/ decrease in short-term benefits to employees		1.137.074	1.091.118	2.487.805	2.074.543
Adjustments related to increase/ decrease in doubtful receivables collected	7	59.497	111.473	130.174	211.943
Adjustments related to increase/ decrease in prepaid expenses		1.591.577	(7.203.570)	3.482.211	(13.696.147)
Change in deferred income		3.844.244	(233.583)	8.410.821	(444.111)
Employee bonuses paid		(2.232.543)	(397.979)	(4.884.581)	(756.677)
Taxes paid		(8.361.742)	(6.265.060)	(18.294.656)	(11.911.758)
Adjustments related to increase/ decrease in retirement pay and employee benefits paid	17	(851.765)	(3.137.195)	(1.863.577)	(5.964.748)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(96.693.746)**	**(40.744.406)**	**(211.556.247)**	**(77.467.341)**
Purchase of property, plant, equipment and intangible assets	11,12	(99.228.178)	(42.663.676)	(217.101.330)	(81.116.448)
Proceeds from sale of property, plant and equipment		1.463.070	884.479	3.201.051	1.681.659
Interest received	23	1.071.362	1.034.791	2.344.032	1.967.448
C. CASH FLOWS FROM FINANCING ACTIVITIES		**56.198.374**	**2.428.879**	**122.956.422**	**4.618.029**
Dividends paid		-	(18.211.842)	-	(34.626.175)
Dividends paid to non-controlling interests		(1.240.178)	(3.862.860)	(2.713.385)	(7.344.455)
Proceeds from borrowings – net		64.167.041	32.707.259	140.391.068	62.186.312
Interest paid	24	(6.728.489)	(8.203.678)	(14.721.261)	(15.597.653)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)		**(15.314.302)**	**(8.083.351)**	**(33.506.157)**	**(15.368.873)**
D. CURRENCY TRANSLATION DIFFERENCE IMPACT ON CASH AND CASH EQUIVALENTS		**(3.370.568)**	**(13.747.984)**	**(5.284.113)**	**(20.411.138)**
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT (A+B+C+D)		**(18.684.870)**	**(21.831.335)**	**(38.790.270)**	**(35.780.011)**
E. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	4	**24.583.288**	**46.414.623**	**52.468.112**	**88.248.123**
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+B+C+D+E)	4	**5.898.418**	**24.583.288**	**13.677.842**	**52.468.112**

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL average exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi ("Kordsa Global" or the "Company") was established on 9 February 2006 as a subsidiary of Hacı Ömer Sabancı Sabancı Holding A.Ş. ("Sabancı Holding") and is registered in İstanbul, Turkey. The Company operates under Turkish Commercial Code.

The Group is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism and construction while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa Istanbul ("BIST") since 1991. As of 31 December 2014, 8,89% of the Group's shares is listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

	Capital Share %
Hacı Ömer Sabancı Holding A.Ş.	91,11
Other	8,89
	100,00

Group's main shareholder and the party that holds the control is Hacı Ömer Sabancı Holding A.Ş.

Average number of employees within the Group is 4.048 (31 December 2013: 4.036).

The address of the registered office is as follows:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
Sabancı Center Kule 2
Kat: 17
34330 4. Levent
İstanbul

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (cont'd)

Subsidiaries

In accordance with the operating country and segment reporting purpose, geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 31 December 2014 and 2013 are as follows:

31 December 2014

Subsidiaries	Country	Geographical division	Area of activity
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture, industrial yarn and cord fabric trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

31 December 2013

Subsidiaries	Country	Geographical division	Area of activity
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture and trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Argentina S.A. (***)	Argentina	South America	Industrial yarn manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade
Kordsa Qingdao Nylon Enterprise ("KQNE") (**)	China	Asia	Sales and marketing

(*) Operating in Indonesia, the Company provides nylon 6.6 and polyester HMLS yarns along with the cord fabric manufacturing plants.

The Company's shares are traded in Indonesia Stock Exchange ("IDX").

(**) Liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited have been concluded as of 18 December 2014. In order to uphold the relations in Chinese market, a representative office has been set up in Shanghai.

(***) A share transfer agreement for Kordsa Argentina, one of the subsidiaries of the Group, in exchange for USD 10 has been signed with Nicolas Jose Santos and Intenta S.A on 30 September 2014 and the share transfer took place on 2 October 2014. Net loss of Kordsa Argentina amounting to TL (5.697.992) for the year ended 31 December 2014 has been accounted for under losses from discontinued operations on the consolidated statement of profit or loss. (Note 31).

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 27 February 2015, and have been signed by the CEO Cenk Alper and Finance and Purchasing Vice President Fatma Arzu Ergene on behalf of the Board of Directors. The shareholders of the Group have the right to make changes in the consolidated financial statements after the aforementioned financial statements are issued, and they are subject to approval of the shareholders at the general assembly meeting of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Moreover, financial tables and notes are presented in accordance with the format declared by CMB on 7 June 2013.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2014:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2013:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Argentina (*)	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65
KQNE (**)	99,50	99,50

(*) A share transfer agreement for Kordsa Argentina, one of the subsidiaries of the Group, in exchange for USD 10 had been signed with Nicolas Jose Santos and Intenta S.A on 30 September 2014 and the share transfer took place on 2 October 2014. Net loss of Kordsa Argentina for the 2014 has been accounted for under losses from discontinued operations on the consolidated statement of profit or loss. (Note 31).

(**) Liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited have been concluded. In order to uphold the relations in Chinese market a representative office has been set up in Shanghai.

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2014 of TL 2,3189 = USD 1 (2013: TL 2,1343= USD 1) and average USD exchange rate of TL 2,1879 = USD 1 (2013: 1,9013 = USD 1), respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The Effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

2.2 Changes in Accounting Policies

Significant changes in the accounting principles and significant accounting errors should de applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting policies of the Group in the current period.

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

Identified accounting errors are corrected in financial statements retrospectively. There are no significant accounting errors indentified by the Group in the current period.

2.4 New and Revised Turkish Accounting Standards

(a) Amendments to TAS affecting amounts reported and disclosures in the financial statements

None.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(b) New and revised standards effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TFRS 10, 11, TAS 27	*Investment Entities*[1]
Amendments to TAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to TAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to TAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
TFRS Interpretation 21	*Levies*[1]
Amendments to TAS 21	*The Effects of Changes in Foreign Exchange Rates*[2]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective from 12 November 2014.

Amendments to TFRS 10, 11, TAS 27 *Investment Entities*

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to TAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of TFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

Amendments to TAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 *Levies*

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(b) New and revised standards effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TAS 21 *Effects of Changes in Foreign Exchange Rates*

Clause (b) of Paragraph 39 of TAS 21 Effects of Changes in Foreign Exchange Rates has been amended as below:

"(b) Income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions."

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

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

TFRS 9	*Finansal Instruments*
Amendments to TFRS 9 and TFRS 7	*TFRS 9 and Mandatory Application Date for Transition Explanations*
Amendments to TAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*TFRS 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]
Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [2]
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	*Agriculture: Bearer Plants* [2]
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint operations* [2]

[1] Effective for annual periods beginning on or after 30 June 2014.
[2] Effective for annual periods beginning on or after 31 December 2015.

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, *TFRS 9 and Mandatory Application Date for Transition Explanations*

In November 2013, mandatory application of TFRS 9 has been delayed no soon after 1 January 2018. This revision has not been published by POA yet.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(c) New and revised standards in issue but not yet effective (cont'd)

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 judgements 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 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.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(c) New and revised standards in issue but not yet effective (cont'd)

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 IAS 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.

These amendments on TAS 16 and TAS 41 caused revisions on related parts of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

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

This amendment on TFRS 11 caused revisions on related parts of TFRS 1.

Group, assesses the effects of these standards on its financial position and performance.

2.5 Significant Accounting Policies

a) Revenue

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commissions, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the "effective yield" on the asset.

Other revenues earned by the Group are recognised on the following bases:

- Rent income - on accrual basis,
- Interest income - on an effective yield basis,
- Dividend income - when the Group's right to receive payment is established.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

b) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 9). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. 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 changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

c) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Furniture and fixtures	3-7

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

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare parts changes and labour costs, included in the large comprehensive maintenance and repair expenses are capitalised. And the average useful lives between the next-largest comprehensive maintenance are depreciated.

d) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 12). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

d) Intangible assets (cont'd)

Internally generated intangible assets – research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

e) Impairment of assets (cont'd)

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are classified on income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on income statement in the period.

g) 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 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 recognised in profit or loss as incurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

g) Business combinations (cont'd)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised 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 recognised 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 acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree 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 Discontinued 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 acquiree (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 acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised 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 recognised 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 TFRS.

When the consideration transferred by the Group 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 cluded 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

g) Business combinations (cont'd)

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 remeasured 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 TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets or other relevant TFRSs, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ı) Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

i) Trade receivables and provision for impairment

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 7).

j) Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchase or sales. These kind of income / (charges) are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in the other operating income and expense within the maturity period.

k) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements
(Note 17).

l) Financial leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Principal payments are disclosed as liabilities and decreased according to payments made (Note 6). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

m) Provision for employment termination benefits

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 17).

n) Provision for post-employment benefits

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 17).

o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

p) Available-for-sale financial instruments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

Other financial assets in which the Group has interest below 20%, that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost, if applicable, less any provision for impairment. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

In accordance with the revised TAS 39 "Financial Instruments", unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale financial assets are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Impairment of financial assets

Financial assets, other than those valued by fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

p) Available-for-sale financial instruments (cont'd)

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

In respect of equity securities which are held for sale, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

r) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

s) Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. 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. 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 balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

s) Taxes on income (cont'd)

Deferred tax assets or liability are reflected to the consolidated financial statements to the extent that they will decrease or increase the tax payable amount when the temporary differences will disappear. Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. 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.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities (Note 25).

t) Effect of changes in foreign exchange rates

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on 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.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

t) Effect of changes in foreign exchange rates (cont'd)

Financial Statements of Foreign Subsidiaries, Joint Ventures and Affiliates

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve.

u) Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

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. All other borrowing costs are charged to the income statement when they are incurred.

v) Derivative financial instruments

The derivative financial instruments of the Group are comprised of forward transactions.

Forward transactions:

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

The Group does not use hedging for speculative reasons.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

v) Derivative financial instruments (cont'd)

Forward transactions (cont'd):

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

y) Deferred financing costs

Deferred financing costs (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings (Note 10).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

z) Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity").

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

   (i) Has control or joint control over the reporting entity,
   (ii) Has significant influence over the reporting entity,
   (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

   (i) If the entity and the reporting entity is within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
   (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
   (iii) If both of the entities are a joint venture af a third party..
   (iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
   (iv) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
   (v) If the entity is controlled or jointly controlled by an individual defined in the article (a).
   (vi) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration.

For the purpose of these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

aa) Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 26).

ab) Reporting of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Group's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

ac) Share premium

Share premium represents the difference between the nominal value of the Group's shares and the net proceeds from the offering of the Group's share to the public (Note 19).

ad) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

ad) Investment property (cont'd)

Transfers are made when there is a change in the use of the investment properties. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use (Note 13).

ae) Segment reporting

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on three operating segments. These operating segments are affected by different economical conditions and geographical positions in terms of risks and rewards. The Company management has determined the Operating Profit as the most appropriate method for the evaluation of the performance of the operating segments (Note 3).

af) Offsetting

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

ag) Comparatives and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2014 in comparison with its consolidated balance sheet at 31 December 2013. The Group also prepared the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1 January - 31 December 2014 in comparison with the accounting period 1 January - 31 December 2013.

2.6 Critical Accounting Judgments, Estimates and Assumptions

Preparation of the consolidated financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 2.5. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Global Management covering a three-year period. Cash flows beyond three years are extrapolated by taking into consideration the shut-down periods recurring once a year. The USD fair value is converted into TL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the values used in the calculations are affected by the fluctuations in the foreign exchange market. The discount rate used in the calculations is 9,67% and the risk premium is 3,3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2014, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in the Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made.

d) Provision for doubtful receivables

A provision for trade receivables is established if there is evidence that the Group will not be able to collect amounts due. Group assesses aging of receivables and collection performances then establishes the doubtful receivable provision. Doubtful receivable provision is an accounting assumption arising from customers' history of collections and financial conditions.

e) Provisions

In accordance with the accounting policy given in the Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)

f) Deferred tax

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. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences at Kordsa Brazil, a subsidiary of Kordsa Global, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. According to Brazilian tax legislation, there is not time limit for carrying forward of operating losses. However, maximum deductable balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

g) Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated. The technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by the future market transactions.

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

NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenues

	1 January-31 December 2014	1 January-31 December 2013
Europe, Middle East and Africa	698.824.595	631.096.008
North America	349.160.544	335.079.071
South America	214.361.785	190.995.830
Asia	439.498.493	375.778.730
	1.701.845.417	**1.532.949.639**

b) Segment assets

	31 December 2014	31 December 2013
Europe, Middle East and Africa	771.266.356	715.137.978
Asia	678.277.247	475.248.301
South America	239.273.896	303.934.086
North America	280.057.288	238.112.738
Segment assets (*)	**1.968.874.787**	**1.732.433.103**
Unallocated assets	4.762.778	66.505.025
Less: Intersegment eliminations	(2.119.249)	(11.581.530)
Total assets per consolidated financial statements	**1.971.518.316**	**1.787.356.598**

c) Segment liabilities

	31 December 2014	31 December 2013
Europe, Middle East and Africa	363.467.051	315.479.836
North America	72.698.180	39.064.681
South America	171.982.253	207.512.968
Asia	278.809.089	137.748.871
Segment liabilities (*)	**886.956.573**	**699.806.356**
Unallocated liabilities	71.076.211	64.556.433
Less: Intersegment eliminations	(73.335.021)	(25.703.677)
Total liabilities per consolidated financial statements	**884.697.763**	**738.659.112**

(*) Segment assets comprise mainly of operating assets and exclude deferred income tax assets, time deposits and available for sale financial assets.

(*) Segment liabilities comprise mainly of operating liabilities and exclude deferred income tax liabities, other liabilities and financial liabilities.

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

NOTE 3 - SEGMENT REPORTING (cont'd)

d) Segment analysis for the period 1 January – 31 December 2014

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	698.824.595	349.160.544	214.361.785	439.498.493	-	1.701.845.417
Intersegment revenues	36.218.526	45.151.634	-	12.943.116	(94.313.276)	-
Revenues	735.043.121	394.312.178	214.361.785	452.441.609	(94.313.276)	1.701.845.417
Segment operating expenses	(654.509.160)	(407.944.366)	(209.316.837)	(392.512.544)	105.187.241	(1.559.095.667)
Segment operating result	80.533.961	(13.632.188)	5.044.948	59.929.065	10.873.965	142.749.750
Unallocated expenses (*)						(34.762.422)
						107.987.328

e) Segment analysis for the period 1 January – 31 December 2013

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	631.092.395	335.079.071	190.995.830	375.782.343	-	1.532.949.639
Intersegment revenues	28.612.690	24.095.303	5.728.692	3.801.675	(62.238.360)	-
Revenues	659.705.085	359.174.374	196.724.522	379.584.018	(62.238.360)	1.532.949.639
Segment operating expenses	(612.537.770)	(358.070.410)	(190.452.314)	(347.329.079)	58.570.614	(1.449.818.959)
Segment operating result	47.167.315	1.103.964	6.272.208	32.254.939	(3.667.746)	83.130.680
Unallocated expenses (*)						2.113.730
						85.244.410

(*) Income and expenses of Corporate Office, R&D Center and other unallocated consolidation adjustments are included in this line.

f) Capital expenditure

	31 December 2014	31 December 2013
Europe, Middle East and Africa	42.266.423	37.593.014
North America	8.562.558	9.830.602
South America	8.457.272	7.839.405
Asia	157.815.077	25.853.427
	217.101.330	**81.116.448**

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

NOTE 3 - SEGMENT REPORTING (cont'd)

g) Depreciation and amortization

	31 December 2014	31 December 2013
Europe, Middle East and Africa	28.590.518	24.920.559
North America	16.123.528	13.145.504
South America	8.469.999	11.002.405
Asia	22.021.219	18.319.211
	75.205.264	**67.387.679**

h) Provision for doubtful receivables

	31 December 2014	31 December 2013
Europe, Middle East and Africa	44.465	140.955
North America	27.607	56.279
South America	-	-
Asia	166.604	24.236
	238.676	**221.470**

i) Provision for inventory obsolescence

	31 December 2014	31 December 2013
Europe, Middle East and Africa	734.522	2.461.851
North America	728.709	237.383
South America	1.682.104	1.519.861
Asia	491.986	616.671
	3.637.321	**4.835.766**

The segment reporting in the basis of industry groups of reportable segments is as follows:

a) External revenues

	1 January- 31 December 2014	1 January- 31 December 2013
Fabric	1.230.447.025	1.094.620.367
Nylon Yarn	374.217.769	378.030.836
Polyester Yarn	5.990.325	7.573.057
Other	91.190.298	52.725.379
	1.701.845.417	**1.532.949.639**

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

NOTE 3 - SEGMENT REPORTING (cont'd)

b) Segment assets

	31 December 2014	31 December 2013
Fabric	874.995.952	710.578.529
Nylon Yarn	582.350.501	529.106.192
Polyester Yarn	233.321.909	169.527.428
Other	100.100.114	112.027.692
Segment assets	**1.790.768.476**	**1.521.239.841**
Unallocated assets	236.873.316	278.409.738
Less: Intersegment eliminations	(56.123.476)	(12.292.981)
Total assets per consolidated financial statements	**1.971.518.316**	**1.787.356.598**

c) Capital expediture

	31 December 2014	31 December 2013
Nylon Yarn	14.609.133	34.043.755
Polyester Yarn	60.567.330	4.476.083
Fabric	119.994.974	31.886.904
Other	21.929.893	10.709.706
	217.101.330	**81.116.448**

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Cash	41.664	65.008
Bank - demand deposits	13.362.714	25.316.282
Bank - time deposits	273.464	27.086.822
	13.677.842	**52.468.112**

Time deposits have less than 3-months maturity. Average annual interest rate for time deposits are 0,1% (2013: 0,41%) for US Dollar and 0,1% (2013: 0,41%) for Euro.

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

NOTE 5 – FINANCIAL INVESTMENTS

	31 December 2014	31 December 2013
Common stocks	285.638	285.022
	285.638	**285.022**

Detail of the common stocks are as follows:

	31 December 2014		31 December 2013	
	Percentage of shareholding %	**Amount**	**Percentage of shareholding %**	**Amount**
Investimentos Lei 8200	<0,01	95.453	<0,01	99.615
Desenbanco	<0,01	67.524	<0,01	70.468
Investivos Fiscais Finor	<0,01	6.179	<0,01	6.449
Other	-	116.482	-	108.490
		285.638		**285.022**

Movement schedule of financial assets for the years ended 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Balances at 1 January	285.022	195.967
Currency translation differences	616	89.055
Balances at 31 December	**285.638**	**285.022**

NOTE 6 – BORROWINGS

	31 December 2014	31 December 2013
Short-term borrowings	394.579.311	300.814.544
Short-term portion of long term borrowings	23.721.571	21.214.169
Total short-term financial liabilities	**418.300.882**	**322.028.713**
Long-term borrowings	138.878.485	91.478.069
Total long-term financial liabilities	**138.878.485**	**91.478.069**
Total financial liabilities	**557.179.367**	**413.506.782**

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

NOTE 6 – BORROWINGS (cont'd)

Bank borrowings

	31 December 2014		31 December 2013	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	-	1.323.846	-	151.300
USD borrowings	4,36	146.650.098	4,27	130.151.302
Euro borrowings	0,96	246.605.367	1,57	170.511.942
		394.579.311		**300.814.544**
Short-term portion of long-term borrowings				
USD borrowings	3,80	23.721.571	3,18	21.214.169
		23.721.571		**21.214.169**
Total short-term borrowings		**418.300.882**		**322.028.713**
Long-term borrowings				
USD borrowings	3,80	138.878.485	3,18	91.478.069
Total long-term borrowings		**138.878.485**		**91.478.069**

	31 December 2014		31 December 2013	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings	309.250.154	309.250.154	242.843.540	242.843.540
TL borrowings	1.323.846	1.323.846	151.300	151.300
Euro borrowings	246.605.367	246.605.367	170.511.942	170.511.942
	557.179.367	**557.179.367**	**413.506.782**	**413.506.782**

The redemption schedules of borrowings are summarized below:

	31 December 2014	31 December 2013
Up to 1 year	418.300.882	322.028.713
1 to 2 years	25.208.301	29.607.998
2 to 3 years	42.198.432	26.789.950
3 to 4 years	12.667.309	9.023.904
4 to 5 years	54.790.962	24.278.245
Over 5 years	4.013.481	1.777.972
	557.179.367	**413.506.782**

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2014	31 December 2013
Trade receivables		
Trade receivables	266.935.428	243.663.036
Cheques in the portfolio	6.078.071	8.442.083
Due from related parties (Note 27)	12.891.559	2.821.961
	285.905.058	**254.927.080**
Less: Provision for doubtful receivables	(1.420.583)	(1.757.292)
Less: Unearned credit finance income	(965.018)	(447.700)
	283.519.457	**252.722.088**

As of 31 December 2014, annual interest rates for discount of TL, USD and Euro trade receivables and payables are 8,64%, 7,71% and 7,53% respectively (2013: 8,30%, 3,71% and 3,73%). The average maturities of the trade receivables and payables as of 31 December 2014 and 2013 are up to 3 months.

As of 31 December 2014, trade receivables amounting to TL 34.561.948 (2013: TL 23.948.191) were past due but not impaired. The aging of these receivables as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Up to 1 month	17.947.803	16.933.053
1 to 3 months	15.332.328	5.505.250
3 to 12 months	1.281.817	1.509.888
	34.561.948	**23.948.191**

As of 31 December 2014, trade receivables amounting to TL 1.420.583 (2013: TL 1.757.292) were impaired and provided for. The aging of these receivables as of 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Up to 1 months	200.353	211.298
1 to 3 months	-	408.740
3 to 12 months	408.573	332.967
1 to 5 years	811.657	804.287
	1.420.583	**1.757.292**

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

Movement schedules of provision for doubtful receivables as of 31 December 2014 and 2013 are as follows:

	1 January-31 December 2014	1 January-31 December 2013
Balances at 1 January	1.757.292	1.711.325
Additions	238.676	221.470
Collections	(130.174)	(211.943)
Currency translation differences	(445.211)	36.440
Balances at 31 December	**1.420.583**	**1.757.292**

Trade payables	**31 December 2014**	**31 December 2013**
Trade payables	152.975.274	154.402.804
Due to related parties (Note 27)	3.517.840	5.310.429
	156.493.114	**159.713.233**
Less: Unrealised credit finance expense on purchases	(73.759)	(64.425)
	156.419.355	**159.648.808**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	**31 December 2014**	**31 December 2013**
Taxes and other dues (*)	5.213.142	18.100.102
Other	1.559.325	1.895.376
	6.772.467	**19.995.478**

Other long-term receivables	**31 December 2014**	**31 December 2013**
Taxes and other dues (*)	14.654.839	17.947.105
Other	2.123.470	1.554.218
	16.778.309	**19.501.323**

(*) Prepaid taxes and other withholding taxes mainly comprise the social security premiums and other tax receivables of Kordsa Brazil which are over paid in excess in previous periods and the Company has the right to recollect from the Federal Bureau of Taxation.

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (cont'd)

Other short-term payables	**31 December 2014**	**31 December 2013**
Taxes and duties payable	8.697.424	7.366.677
Payables on property, plant and equipment purchases	5.565.308	9.092.165
Other	1.677.224	4.395.036
	15.939.956	**20.853.878**

Other long-term payables	**31 December 2014**	**31 December 2013**
Taxes and duties payable (**)	11.367.331	12.625.641
	11.367.331	**12.625.641**

(**) Taxes and duties payables mainly comprise of long term social security contributions and other tax payables of Kordsa Brazil.

NOTE 9 – INVENTORIES

	31 December 2014	**31 December 2013**
Finished goods	219.318.254	140.247.437
Raw materials and supplies	130.323.323	121.431.765
Semi-finished goods	46.079.469	48.632.735
Spare parts	37.436.504	40.874.143
Intermediate goods	10.371.228	13.899.773
Other inventories	19.077.128	15.843.110
	462.605.906	**380.928.963**
Less: Provision for obsolescence	(9.002.927)	(8.082.858)
	453.602.979	**372.846.105**

The allocation of the provisions for obsolescence for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	**31 December 2013**
Finished goods	5.116.265	2.813.802
Spare parts	3.173.548	4.305.026
Semi-finished and intermediate goods	209.736	74.011
Raw materials and supplies	503.378	890.019
Balance at 31 December	**9.002.927**	**8.082.858**

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

NOTE 9 – INVENTORIES (cont'd)

Movement schedules for provision for obsolescence for the years ended 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	8.082.858	9.356.819
Additions	3.637.321	4.835.766
Reversals	(1.631.465)	(4.417.469)
Currency translation differences	(1.085.787)	(1.692.258)
Balance at 31 December	**9.002.927**	**8.082.858**

The amount of provision for inventory obsolescence classified to cost of goods sold for the year 2014 is TL 2.005.856 (2013: TL 418.297).

The cost of inventories recognised as expense and included in cost of sales amounted to TL 865.811.861 for the period 1 January - 31 December 2014 (2013: TL 832.554.078).

NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	31 December 2014	31 December 2013
Advances given	6.515.785	8.451.182
Prepaid expenses	2.329.338	3.691.205
Deposits and pledges given	6.867.503	690.964
Other	-	41.514
	15.712.626	**12.874.865**

Long-term prepaid expenses

	31 December 2014	31 December 2013
Advances given	6.027.634	14.074.264
Deferred finance expense	3.622.440	2.627.908
	9.650.074	**16.702.172**

Deferred income

	31 December 2014	31 December 2013
Deferred income	3.325.674	1.317.753
	3.325.674	**1.317.753**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2014 is as follows:

	1 January 2014	Additions (**)	Disposals	Provision for impairment	Impact of liquidation of subsidiary (***)	Transfers to assets classified as held for sale (*)	Transfers	Currency translation differences	31 December 2014
Cost:									
Land and land improvements	68.745.325	13.064	-	-	(3.752.079)	-	39.114	1.721.115	66.766.539
Buildings	287.906.818	3.811.166	-	-	(24.627.775)	-	22.923.285	9.254.650	299.268.144
Machinery and equipment	1.445.482.663	50.425.566	(15.885.351)	-	(58.040.679)	-	133.119.339	44.074.971	1.599.176.509
Motor vehicles	3.775.324	138.119	(433.135)	-	(1.176.140)	-	514.370	779.400	3.597.938
Furniture and fixtures	50.258.393	225.144	(144.573)	-	(1.780.013)	-	4.389.292	(2.577.094)	50.371.149
Construction in progress	88.191.658	158.721.071	(960.736)	-	(2.722.052)	(4.385.340)	(167.033.904)	3.138.042	74.948.739
	1.944.360.181	**213.334.130**	**(17.423.795)**	**-**	**(92.098.738)**	**(4.385.340)**	**(6.048.504)**	**56.391.084**	**2.094.129.018**
Accumulated depreciation:									
Land improvements	22.649.279	1.157.208	-	-	-	-	-	746.980	24.553.467
Buildings	159.221.086	8.890.484	-	-	(6.855.519)	-	-	3.275.769	164.531.820
Machinery and equipment	839.688.091	58.299.439	(14.199.415)	2.003.561	(23.270.991)	-	-	16.218.311	878.738.996
Motor vehicles	3.347.563	373.011	(371.428)	-	(1.092.963)	-	-	140.868	2.397.050
Furniture and fixtures	37.978.510	2.520.267	(129.536)	-	(586.712)	-	-	(1.629.871)	38.152.659
	1.062.884.529	**71.240.409**	**(14.700.379)**	**2.003.561**	**(31.806.185)**	**-**	**-**	**18.752.057**	**1.108.373.992**
Net book value	**881.475.652**								**985.755.026**

(*) Since the two lawsuits filed by the previous owners of the land purchased on 20 September 2012 by Nile Kordsa for Industrial Fabrics S.A.E., a subsidiary of the Group, has been resolved in favor of the Company, the management possessed a possibility of disposition and carrie out a resolution in this manner accordingly.
(**) Approximately USD 56 Million of additions to construction in progress arise from the investments in Indonesia.
(***) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movement of property, plant and equipment for the year ended 31 December 2013 is as follows:

	1 January 2013	Additions	Disposals	Transfers	Currency translation differences	31 December 2013
Cost:						
Land and land improvements	64.587.346	12.596	-	75.902	4.069.481	68.745.325
Buildings	272.595.169	568.505	(99.529)	1.858.972	12.983.701	287.906.818
Machinery and equipment	1.254.081.530	12.689.056	(1.697.962)	70.790.752	109.619.287	1.445.482.663
Motor vehicles	3.855.075	106.623	(756.121)	108.301	461.446	3.775.324
Furniture and fixtures	48.534.016	675.104	(4.228.721)	1.698.080	3.579.914	50.258.393
Construction in progress	97.049.015	66.646.437	-	(78.450.521)	2.946.727	88.191.658
	1.740.702.151	**80.698.321**	**(6.782.333)**	**(3.918.514)**	**133.660.556**	**1.944.360.181**
Accumulated depreciation:						
Land improvements	19.521.884	1.725.426	-	-	1.401.969	22.649.279
Buildings	149.412.176	8.947.521	(21.301)	-	882.690	159.221.086
Machinery and equipment	744.375.267	50.690.248	(906.189)	-	45.528.765	839.688.091
Motor vehicles	3.105.401	366.252	(558.824)	-	434.734	3.347.563
Furniture and fixtures	37.114.833	2.330.919	(4.208.481)	-	2.741.239	37.978.510
	953.529.561	**64.060.366**	**(5.694.795)**	**-**	**50.989.397**	**1.062.884.529**
Net book value	**787.172.590**					**881.475.652**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

TL 69.148.875 (2013: TL 61.471.655) of current period depreciation and amortisation expenses are included in cost of sales, TL 1.599.273 (2013: 1.744.894 TL) is included in research and development expenses and TL 4.457.116 (2013: TL 4.171.130) is included in general administrative expenses. TL 4.084.558 of prior period depreciation and amortisation expenses are related to discontinued operations.

There are mortgages on property, plant and equipment amounting to TL 31.219.291 (2013: TL 28.464.170).

Leased assets included in property, plant and equipment	**1 January- 31 December 2014**	**1 January- 31 December 2013**
Cost	107.929	41.908
Accumulated depreciation	(106.737)	(41.908)
Net book value	**1.192**	-

NOTE 12 - INTANGIBLE ASSETS

	1 January 2014	Additions	Transfers	Impact of liquidation of subsidiary (**)	Currency translation differences	31 December 2014
Cost:						
Rights	19.866.061	323.093	910.477	-	(512.688)	20.586.943
Technology licences	22.930.948	-	-	(6.305.918)	543.249	17.168.279
Capitalized development expenses (*)	12.737.753	-	-	-	-	12.737.753
Computer software	4.485.092	3.443.225	2.205.640	(1.081.111)	389.793	9.442.638
Customer relationships	659.479	-	-	-	-	659.479
Other	1.119.379	882	2.932.387	-	-	4.052.648
	61.798.712	**3.767.200**	**6.048.504**	**(7.387.029)**	**420.354**	**64.647.741**
Accumulated Amortization:						
Rights	3.997.857	1.228.395	-	-	-	5.226.252
Technology licences	18.697.655	29.260	-	(4.009.041)	334.310	15.052.184
Capitalized development expenses	3.432.986	1.270.983	-	-	-	4.703.969
Computer software	12.042.258	830.286	-	(1.080.733)	147.075	11.938.886
Other	1.088.784	605.931	-	-	-	1.694.715
	39.259.540	**3.964.855**	-	**(5.089.774)**	**481.385**	**38.616.006**
Net book value	**22.539.172**					**26.031.735**

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

NOTE 12 - INTANGIBLE ASSETS (cont'd)

	1 January 2013	Additions	Disposals	Transfers	Currency translation differences	31 December 2013
Cost:						
Rights	16.759.611	31.135	-	3.572.854	(497.539)	19.866.061
Technology licences	21.452.679	-	-	-	1.478.269	22.930.948
Capitalized development expenses	12.737.753	-	-	-	-	12.737.753
Computer software	3.156.456	386.992	(47.949)	346.018	643.575	4.485.092
Customer relationships	659.479	-	-	-	-	659.479
Other	1.119.737	-	-	(358)	-	1.119.379
	55.885.715	**418.127**	**(47.949)**	**3.918.514**	**1.624.305**	**61.798.712**
Accumulated Amortization:						
Rights	3.026.151	1.059.308	-	-	(87.602)	3.997.857
Technology licences	17.352.708	296.204	-	-	1.048.743	18.697.655
Capitalized development expenses	2.022.031	1.410.955	-	-	-	3.432.986
Computer software	10.988.548	549.781	(39.590)	-	543.519	12.042.258
Other	1.077.719	11.065	-	-	-	1.088.784
	34.467.157	**3.327.313**	**(39.590)**	**-**	**1.504.660**	**39.259.540**
Net book value	**21.418.558**					**22.539.172**

(*) Capitalized development expenses are comprised of the capitalized projects of the R&D center in İzmit. As of 31 December 2014, the average useful lives for the capitalized projects have been evaluated on a project basis and determined as 5 - 20 years.

(**) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

NOTE 13 – INVESTMENT PROPERTY

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the year	**17.441.751**	**16.120.288**
Gain / (loss) from fair value adjustments (*)	3.262.597	(1.665.884)
Currency translation differences	1.627.699	2.987.347
Closing balance	**22.332.047**	**17.441.751**

(*) As of 31 December 2014 and 2013 the fair value of the Group's investment property in PT Indo Kordsa Company in Asia Pasific Region has been determined by independent experts who are not related with the Group and have appropriate qualifications and recent experience in the valuation of properties. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest of the value in use has been considered. In the current period no different valuation methodology is performed.

As of 31 December 2014, the fair value hierarchy of the Group's investment property is Level 2 and in the current period there has been no transition between Level 1 and Level 2.

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

NOTE 14 – GOODWILL

The goodwill with an amount of TL 45.595.167 (2013: TL 45.595.167) net book value as of 31 December 2014 consisted of TL 42.570.007 (2013: TL 42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, and TL 3.025.160 (2013: TL 3.025.160), which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006.

In Note 2.6 details of assessment for the impairment of goodwill is defined. There is no change in the book value of the goodwill, which is TL 45.595.167 for the period ended as of 31 December 2014 and 2013.

NOTE 15 - GOVERNMENT GRANTS

	31 December 2014	31 December 2013
Government grants	2.501.429	2.777.375

Government grants comprise the incentives related to the fixed asset purchase of Interkordsa GmbH.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

a) Guarantees given

	31 December 2014	31 December 2013
Pledges given to banks	153.986.755	47.841.500
Letter of guarantees	21.931.204	23.155.112
Letter of credits	21.108.245	44.108.044
Pledges	315.670	222.683
Pledges given for machinery and equipment	10.302.212	7.341.250
Other guarantees given	1.239.762	1.157.683
	208.883.848	**123.826.272**

b) Guarantees received

	31 December 2014	31 December 2013
Letter of guarantees	10.099.767	2.368.280
Cheques and notes received as collateral	938.409	900.880
	11.038.176	**3.269.160**

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

c) Guarantees, Pledges and Mortgages given by the Group ("GPM"):

31 December 2014	TL Equivalent	TL	USD	EUR	Thai Baht	Indonesian Rupiah (000)	Brazilian Real	Argentina Peso	Other TL Equivalent
A. Total of GPMs given on behalf of own legal personality	208.883.848	15.712.298	75.835.260	5.947.370	4.687.221	-	-	-	211.680
B. Total of GPMs given on behalf of subsidiaries consolidated in full	55.129.863	-	23.774.144	-	-	-	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-	-	-	-
	264.013.711	15.712.298	99.609.404	5.947.370	4.687.221	-	-	-	211.680

31 December 2013	TL Equivalent	TL	USD	EUR	Thai Baht	Indonesian Rupiah (000)	Brazilian Real	Argentina Peso	Other TL Equivalent
A. Total of GPMs given on behalf of own legal personality	123.826.272	16.493.656	43.097.009	4.810.933	4.623.614	-	-	2.183.022	208.136
B. Total of GPMs given on behalf of subsidiaries consolidated in full	124.047.296	-	58.120.834	-	-	-	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-	-	-	-
	247.873.568	16.493.656	101.217.843	4.810.933	4.623.614	-	-	2.183.022	208.136

(*) The percentage of the Group's other GPMs to the Group's equity as of 31 December 2014 is 0% (31 December 2013: 0%).

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

NOTE 16 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (cont'd)

i) During the preparation of the consolidated financial statements for the fiscal period 01 January to 31 December 2008, the Group found that a person employed in the accounting department of Kordsa Global İzmit had caused the Group to suffer loss through misappropriation of the Company's assets, and in an attempt to recover the money embezzled by the employee the Group initiated legal proceedings with a claim of TL 4.774.030 without limiting its right to litigation and to claim any excess.

ii) There are three lawsuits filed by the previous owner of the lands that, Nile Kordsa Company for Industrial Fabrics S.A.E, one of the subsidiaries of The Group, has acquired on 20 September 2012. The first trials of two of the lawsuits, claiming that the valuation of the lands were improperly performed, have ended in favour of The Company on 26 March 2013 and then appealed by the litigator. Review of the appeal of the lawsuit mentioned above has ended in favor of the Group on 4 June 2014 thus resulting in the closure of related cases.

NOTE 17 – EMPLOYEE BENEFITS

Short-term provisions for employee benefits

	31 December 2014	31 December 2013
Provision for unused vacation	6.308.890	6.455.175
Provision for bonus accrual	5.691.919	5.437.586
Provision for lawsuits	48.060	635.522
Provision for capital contribution plan (*)	309.427	6.362
	12.358.296	**12.534.645**

(*) The Group applies a contribution-based (premium pay) profit-sharing programme called "Capital Contribution Plan" for North America region workers, where 5% of the total premiums earned is paid annually to employees' account, which is reimbursible after fulfilling three years of work experience within the Group.

In addition to this benefit, another plan called 401(k) is applied to the employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employees' contribution.

Movements in the provision for unused vacation during the year are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	6.455.175	5.612.458
Increase during the year	4.997.847	4.751.282
Decrease during the year	(2.668.712)	(4.625.605)
Currency translation differences	(2.475.420)	717.040
Balances at 31 December	**6.308.890**	**6.455.175**

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

NOTE 17 – EMPLOYEE BENEFITS (cont'd)

Non-current employee benefits

	31 December 2014	31 December 2013
Provision for employment termination benefits (*)	22.912.001	21.761.732
Accruals for employee retirement benefit plans (**)	10.691.622	7.298.562
	33.603.623	**29.060.294**

(*) Provision for employment termination benefits

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

At 31 December 2014 the amount payable consists of one month's salary limited to a maximum of TL 3.438,22 (2013: TL 3.254,44) for each year of service.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. 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 were used in the calculation of the total liability:

	2014	2013
Discount rate (%)	3,73	3,73
The probability of retirement (%)	98,27	98,58

The principal assumption is that 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 semi-annually, the maximum amount of TL 3.541,37 (1 January 2014: TL 3.438,22), which is effective from 1 January 2015, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

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

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	21.761.732	22.727.624
Addition during the year	584.733	4.927.385
Paid during the year	(1.848.354)	(5.893.277)
Actuarial loss / (gain)	2.413.890	-
Balances at 31 December	**22.912.001**	**21.761.732**

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

NOTE 17 – EMPLOYEE BENEFITS (cont'd)

(**) Provision for employment retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employment retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to work hours of the employees. Work hours and salary provisions those should be paid are listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days - 1 year	30 days
Within 1 yıl - 3 years	90 days
Within 3 yıl - 6 years	180 days
Within 6 yıl - 10 years	240 days
Over 10 years	300 days

Provision of employee termination benefit is calculated by an independent firm with considering the variables such as employee ages, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in consolidated profit or loss statement as income or expense with considering the expected working period of employees.

Movement schedule of provision for employment retirement benefit plans is as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Balances at 1 January	7.298.562	4.513.117
Additions	2.630.707	1.860.361
Payments	(15.223)	(71.471)
Currency translation differences	777.576	996.555
Balances at 31 December	**10.691.622**	**7.298.562**

Employee benefit obligations

	31 December 2014	31 December 2013
Due to personnel	4.698.100	3.674.559
	4.698.100	**3.674.559**

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2014	31 December 2013
Deductible VAT	40.558.454	29.338.612
Prepaid taxes	7.165.604	7.871.295
Deferred VAT	4.117.311	1.568.106
Advances given to personnel	609.222	660.497
Insurance claim income	49.315	3.193.147
Other	2.346.798	2.280.517
	54.846.704	**44.912.174**

Other non-current assets

	31 December 2014	31 December 2013
Long-term deposits	155.526	1.302.362
	155.526	**1.302.362**

Other short-term liabilities

	31 December 2014	31 December 2013
Expense accruals	4.739.688	6.325.644
Sales discounts and commission accruals (**)	6.283.925	4.191.514
Other tax accruals (*)	2.152.304	1.832.074
Other personnel expenses	695.670	878.051
Consultancy expenses	-	558.120
Other	1.871.854	2.346.435
	15.743.441	**16.131.838**

(*) Other tax accruals mainly comprise foreign Subsidiaries' export, hygiene, security and other tax liabilities.

(**) Sales discount and commission accruals consist of the accrued intermediary commissions as of the balance sheet date.

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

NOTE 19 – EQUITY

Paid-in share capital

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 shares of Kr1 nominal value (2013: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shareholdings at 31 December 2014 and 2013 are as follows:

	2014	Share (%)	2013	Share (%)
Hacı Ömer Sabancı Holding A.Ş.	177.233.427	91,11	177.233.427	91,11
Other (Public and Central Registry Agency (CRA))	17.295.649	8,89	17.295.649	8,89
Total paid-in share capital	**194.529.076**	**100,00**	**194.529.076**	**100,00**

Revaluation and Hedging Reserves

	31 December 2014	31 December 2013
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	1.511.419	-
	1.241.268	**(270.151)**

Financial Assets Fair Value Reserve:

The Financial Assets Fair Value Reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Hedging Reserve:

The Hedging Reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

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

NOTE 19 – EQUITY (cont'd)

Movements of Hedging Reserve:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	-	**(1.380.180)**
Increases/ decreases	(1.815.539)	11.235.669
Income tax related to gains / losses recognized in other comprehensive income	(375.012)	(345.045)
Reclassified to profit or loss	3.690.600	(10.130.644)
Foreign currency translation differences	11.370	620.200
Balances at 31 December	**1.511.419**	-

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.736 was accounted as addition to share premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

Restricted Reserves

As of 31 December 2014 restricted reserves comprise the legal reserves amounting to TL 30.757.308 (2013: TL 31.024.246).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in 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 TCC, 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.

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

NOTE 19 – EQUITY (cont'd)

Profit Distribution

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communique mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

The composition of Group's equity, which is considered as the basis for profit distribution is as follows:

	31 December 2014	31 December 2013
Net income for the period	77.159.978	30.822.808
Retained earnings	34.748.037	3.658.291
	111.908.015	**34.481.099**

NOTE 20 - SALES AND COST OF GOODS SOLD

	1 January- 31 December 2014	1 January- 31 December 2013
Sales income (gross)	1.722.717.905	1.548.326.333
Sales returns (-)	(3.822.832)	(1.731.492)
Sales discounts (-)	(5.836.044)	(7.421.643)
Other sales discounts (-)	(11.213.612)	(6.223.559)
Sales Income (Net)	**1.701.845.417**	**1.532.949.639**
Cost of sales (-)	(1.459.101.735)	(1.368.032.387)
Gross Profit	**242.743.682**	**164.917.252**

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

NOTE 21 - EXPENSES BY NATURE

	1 January-31 December 2014	1 January-31 December 2013
Raw materials and consumables used	865.811.861	832.554.078
Personnel expenses	221.589.790	218.451.952
Energy expenses	140.458.338	129.264.784
Depreciation and amortization expenses	75.205.264	63.303.121
Distribution expenses	38.666.411	34.065.115
Packaging expenses	36.498.938	33.401.854
Consultancy expenses	11.204.565	9.082.353
Idle mill expenses	3.359.423	5.412.915
Rent expenses	2.119.413	2.027.379
Service, maintenance expenses	1.380.674	973.301
Other	198.564.370	158.935.281
	1.594.859.047	**1.487.472.133**

NOTE 22 – OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January-31 December 2014	1 January-31 December 2013
Foreign exchange gains/ losses on trade receivables	58.016.250	57.527.604
Domestic production incentive income (*)	22.002.898	17.877.204
Unearned finance income on credit sales	7.936.465	4.127.258
Export incentive income	3.323.367	2.768.219
Rent income	99.730	114.071
Income from insurance claims	16.617	4.228.026
Other	4.619.522	4.921.732
	96.014.849	**91.564.114**

Other operating expenses	1 January-31 December 2014	1 January-31 December 2013
Foreign exchange gains/ losses on trade payables	68.065.411	40.533.701
Taxes and duties	10.175.074	6.809.590
Donations	5.150.068	34.586
Expenses of the customer damages	3.108.204	464.464
Property, plant and equipment impairment loss (**)	2.003.561	-
Unrealized finance expense on credit purchases	1.503.154	1.007.009
Other	5.008.419	2.947.860
	95.013.891	**51.797.210**

(*) Domestic production incentive income refers to the Brazilian Subsidiary's sales tax return income on finished goods produced and sold in its own country.

(**) Impairment losses as of 31 December 2014 arise from Nile Kordsa.

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

NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 December 2014	1 January- 31 December 2013
Interest income	2.344.032	1.016.514
Gain on sale of property, plant and equipment	1.012.723	927.608
Gain from fair value of investment properties	3.262.597	-
	6.619.352	**1.944.122**

Expenses from investing activities	1 January- 31 December 2014	1 January- 31 December 2013
Loss from liquidation of subsidiary	-	456.379
Loss on sale of property, plant and equipment	1.266.004	294.259
Loss from fair value of investment properties	-	1.665.884
	1.266.004	**2.416.522**

NOTE 24 – FINANCIAL INCOME/ EXPENSES

Finance income	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains	1.609.644	-
	1.609.644	**-**

Finance expenses	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	-	14.078.430
Interest expenses	14.721.261	12.977.989
Other	678.060	586.278
	15.399.321	**27.642.697**

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

NOTE 25 - TAXATION ON INCOME

Corporate Tax

	31 December 2014	31 December 2013
Corporate tax payable	13.407.206	9.100.287
Less: Prepaid taxes (*)	(13.407.206)	(9.100.287)
	-	-

(*) As of 31 December 2014, the Prepaid Corporate Tax exceeding the Corporate Taxes Payable amounting to TL 9.722.321 (2013: TL 4.834.871) has been accounted for under Assets Related to Current Tax account.

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

Corporate tax rate for tax accrual on taxable income is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting certain exemptions that take place in tax laws (carryforwad losses and if utilized exemptions for investment incentives).

The taxes on income reflected to consolidated income statements for the years ended 31 December 2014 and 2013 are summarized as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Current period corporate tax expense	(13.407.206)	(9.100.287)
Deferred tax income / (expense)	2.736.451	(5.306.185)
	(10.670.755)	**(14.406.472)**

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

NOTE 25 - TAXATION ON INCOME (cont'd)

Corporate Tax (cont'd)

The reconciliation of tax on the consolidated profit or loss tables for the years ended 31 December 2014 and 2013 is as follows:

	1 January-31 December 2014	1 January-31 December 2013
Profit before tax in the consolidated financial statements	99.550.999	57.129.313
Tax charge according to parent company's tax rate 20%	19.910.200	11.425.863
Tax rate differences of subsidiaries	(409.535)	1.855.176
Expected tax charge of the Group	**19.500.665**	**13.281.039**
Disallowable expenses	-	332.972
Other exempt income	1.154.105	22.308
Dividend income	-	(1.555.471)
Lump-sum expense provision	(509.769)	(470.283)
Research and development incentive allowance	(2.530.584)	-
Consolidation eliminations without deferred tax effect	(6.943.662)	2.795.908
Current period tax expense	**10.670.755**	**14.406.473**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements.

Tax rate used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method is 20% in Turkey (2013: 20%).

At 31 December 2014 and 2013, tax rates used for companies operating in Egypt are 30% and 25%, respectively.

At 31 December 2014 and 2013, tax rates used for companies operating in Germany are 30% and 30%, respectively.

At 31 December 2014 and 2013, tax rate used for companies operating in the United States of America is 35% and Brazil is 21,5%.

At 31 December 2014 and 2013, tax rate used for companies operating in Indonesia is 25% and China is 25%.

At 31 December 2014 and 2013, tax rate used for companies operating in Thailand is 20% and 20%.

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

NOTE 25 - TAXATION ON INCOME (cont'd)

Corporate Tax (cont'd)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2014 and 2013 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Provision for employment termination benefits	37.670.311	25.387.225	8.277.830	5.258.715
Carried forward tax losses	-	16.551.275	-	5.577.770
Research and development deductions	-	10.499.395	-	2.099.879
Inventories	13.709.356	6.145.814	3.526.602	1.861.992
Doubtful receivable provision	1.023.161	659.053	386.141	228.021
Consignment sales adjustment	604.519	494.136	120.904	98.827
Unearned credit finance income	664.065	383.275	132.813	76.655
Other	24.516.700	20.739.450	8.301.087	6.658.425
Deferred tax assets			**20.745.377**	**21.860.284**
Property, plant and equipment and intangibles	182.054.761	157.507.556	(64.443.268)	(59.076.905)
Other	33.075.620	34.275.442	(6.615.124)	(6.855.053)
Deferred tax liabilities			**(71.058.392)**	**(65.931.958)**
Net deferred tax liability			**(50.313.015)**	**(44.071.674)**

Deferred Tax

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	**(44.071.674)**	**(34.486.466)**
Impact of liquidation of subsidiary	(6.971.581)	-
Current year deferred tax income / (expense) - net	2.736.451	(5.306.185)
Accounted for under equity	228.462	(345.045)
Currency translation differences	(2.234.673)	(3.933.978)
Balances at 31 December	**(50.313.015)**	**(44.071.674)**

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to TL 60.351.919 as of 31 December 2014 (2013: TL 54.782.806), no deferred tax asset has been calculated and included in the above table. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	31 December 2014	31 December 2013
Deferred tax assets that are expected to be benefited from after one year	8.277.830	10.836.485
Deferred tax liabilities that are expected to be realized after one year	71.058.392	65.931.958

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

NOTE 26 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated income statements is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 31 December 2014	1 January- 31 December 2013
Net income attributable to equity holders of the parent	77.159.978	30.822.808
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	3,97	1,58
Earning per share from continuing operations		
Net income attributable to equity holders of the parent	71.467.175	34.906.138
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	3,67	1,79

Nominal values of ordinary shares for the years ended 31 December 2014 and 2013 are assumed to be Kr 1 each.

NOTE 27 – RELATED PARTY DISCLOSURES

Bank balances:	**31 December 2014**	**31 December 2013**
Akbank T.A.Ş. – time deposits	-	11.928.550
Akbank T.A.Ş. - demand deposits	575.770	5.660.436
	575.770	**17.588.986**

	31 December 2014	**31 December 2013**
Akbank T.A.Ş. – bank borrowings	**1.323.846**	**-**

Due from related parties:	**31 December 2014**	**31 December 2013**
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	12.820.148	2.749.081
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	48.033	44.285
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	13.509	16.218
Akbank A.G. (*)	2.318	3.333
Other	7.551	9.044
	12.891.559	**2.821.961**

(*) Balance consists of the receivables from factoring transactions of Interkordsa.

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Due to related parties:	31 December 2014	31 December 2013
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	2.841.513	3.642.073
Bimsa	276.096	170.822
Brisa	91.080	95.056
Aksigorta A.Ş.	68.109	43.574
Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding")	19.252	6.718
Sabancı Üniversitesi	5.100	9.927
Enerjisa Doğalgaz Toptan Satış A.Ş. ("Gasco")	-	1.313.372
Other	216.690	28.887
	3.517.840	**5.310.429**

Product sales	1 January- 31 December 2014	1 January- 31 December 2013
Brisa	**52.712.099**	**45.280.492**

Service sales	1 January- 31 December 2014	1 January- 31 December 2013
Sabancı Holding	4.614	11.110
Enerjisa	1.586	5.935
	6.200	**17.045**

Service sales arise from invoicing of common services incurred for the above companies which operate in the same area.

Product purchases	1 January- 31 December 2014	1 January- 31 December 2013
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	35.448.506	34.951.712
Enerjisa Doğalgaz Toptan Satış A.Ş. ("Gasco")	-	12.211.042
SASA	-	4.445.630
	35.448.506	**51.608.384**

Services received	1 January- 31 December 2014	1 January- 31 December 2013
Aksigorta	4.621.815	4.016.938
Bimsa	3.309.493	2.392.577
Ak Emeklilik A.Ş.	420.841	409.268
Sabancı Üniversitesi	74.039	60.204
Teknosa	6.600	14.921
Sabancı Holding	5.581	155.194
Brisa	-	1.872
Other	852.002	796.700
	9.290.371	**7.847.674**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Property, plant and equipment purchases	1 January- 31 December 2014	1 January- 31 December 2013
Bimsa	356.679	-
Teknosa	-	17.316
	356.679	**17.316**

Interest expense	1 January- 31 December 2014	1 January- 31 December 2013
Akbank T.A.Ş.	**151**	**809.953**

Foreign exchange gains / (losses) - net	1 January- 31 December 2014	1 January- 31 December 2013
Akbank T.A.Ş.	**(421.579)**	**2.464.947**

Rent expense	1 January- 31 December 2014	1 January- 31 December 2013
Sabancı Holding	**365.708**	**551.304**

Rent income	1 January- 31 December 2014	1 January- 31 December 2013
Bimsa	52.269	48.763
Other	32.932	24.139
	85.201	**72.902**

Donations	1 January- 31 December 2014	1 January- 31 December 2013
Sabancı University	**5.114.501**	**-**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Remunerations:

The Group defined its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the renumerations provided by the Group for 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Short-term employee benefits	9.791.554	10.205.574
Other long-term benefits	128.676	158.115
Employee termination benefits	115.488	437.320
Post-employment benefits	209.600	228.176
	10.245.318	**11.029.185**

Security and guarantee letters given:

2014

Related parties	Amount	Currency	Detail	Bank
Kordsa Brazil	13.860.360	US Dollar	Loan Guarantee	IFC
Nile Kordsa	9.913.784	US Dollar	Loan Guarantee	IFC

2013

Related parties	Amount	Currency	Detail	Bank
Kordsa Argentina	12.187.500	US Dollar	Loan Guarantee	IFC
Kordsa Argentina	14.620.834	US Dollar	Loan Guarantee	Citibank N.A.
Kordsa Brazil	20.312.500	US Dollar	Loan Guarantee	IFC
Nile Kordsa	11.000.000	US Dollar	Loan Guarantee	IFC

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

NOTE 28 - INTERESTS IN OTHER ENTITIES

Financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

	31 December 2014			
Subsidiary	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	39,79%	14.632.382	185.150.969	6.149.984
Other		2.780.687	14.949.209	
Total		**17.413.069**	**200.100.178**	

	31 December 2013			
Subsidiary	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	39,79%	7.892.233	155.707.488	5.126.194
Other		(75.530)	14.902.753	
Total		**7.816.703**	**170.610.241**	

Summary balance sheet information:

	PT Indo Kordsa Tbk	
	31 December 2014	31 December 2013
Cash and cash equivalents	9.430.876	4.548.329
Other current assets	222.030.082	189.635.040
Non-current assets	456.348.416	283.554.518
Total assets	**687.809.374**	**477.737.887**
Short-term borrowings	89.576.387	66.709.939
Other short-term liabilities	70.704.741	38.877.406
Long-term borrowings	103.166.395	22.744.859
Other long-term liabilities	27.779.062	18.793.591
Total liabilities	**291.226.585**	**147.125.795**
Total equity	**396.582.789**	**330.612.092**
Equity attributable to owners of the parent	**351.157.317**	**290.490.955**
Non-controlling interests (**)	**45.425.472**	**40.121.137**

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

NOTE 28 - INTERESTS IN OTHER ENTITIES (cont'd)

Summary profit or loss statement information:

	PT Indo Kordsa Tbk	
	1 January - 31 December 2014	**1 January - 31 December 2013**
Sales	446.665.286	374.750.536
Depreciation and amortization	20.862.621	15.319.739
Operating profit/ (loss)	(11.925.588)	(9.780.414)
Net financial income/ (expense)	(3.081.976)	(2.438.703)
Profit/ (loss) before tax	57.592.735	29.356.481
Profit for the period	36.774.018	19.834.714

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk, PT Indo Kordsa Polyester and Thai Indo Kordsa Co., Ltd.

(**) Arises from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance department of Kordsa Global under policies approved by the board of directors. Finance department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

(a) Liquidity risk

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. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk analysis of the financial liabilities of the Group as of 31 December 2014 and 2013 is as follows:

Non-derivative financial liabilities (1)(2):

31 December 2014	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	557.179.367	575.978.393	73.139.927	359.274.273	139.415.300	4.148.894
Trade payables	156.922.154	156.902.903	150.968.065	5.934.838	-	-
Other payables	7.242.532	9.897.894	9.863.862	34.032	-	-
	721.344.053	742.779.190	233.971.854	365.243.143	139.415.300	4.148.894

31 December 2013	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	413.506.782	458.036.675	102.348.603	230.361.861	122.890.365	2.435.846
Trade payables	160.244.389	157.068.574	154.708.070	1.764.923	595.581	-
Other payables	16.264.576	14.070.840	9.699.165	4.109.670	-	262.005
	590.015.747	629.176.089	266.755.838	236.236.454	123.485.946	2.697.851

(1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.
(2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the carrying value.

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates. The Group enters into interest rate swap transactions in order to decrease the risks in relation to the increase in interest rates.

Interest rate risk table of the Group as of 31 December 2014 and 2013 is as follows:

Variable interest financial instruments	1 January-31 December 2014	1 January-31 December 2013
Financial liabilities	440.004.314	275.210.877

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

At 31 December 2014, if interest rates on US Dollar denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 5.063 (2013: TL 593.342), mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Interest rate risk (cont'd)

At 31 December 2014, if interest rates on Euro denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 406 (2013: TL 374), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2014, if interest rates on Brazilian Real denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 3.975 (2013: TL 7.412), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions. In addition, the Group aims to reduce foreign exchange risk arising from assets and liabilities by using currency and interest rate swap instruments. As of 31 December 2014, there are no swap transactions.

Derivative financial instruments

The derivative financial instruments of the Group comprise foreign currency and interest rate swap transactions and forward contracts.

The Group entered into foreign currency forward transactions with due date 2014 in order to manage the risks emerging from the sales transactions which are expected to occur within 12 months following the balance sheet date. The carrying values of the items hedged against the non-financial risk will be adjusted once the expected sales will take place. The Group also entered into foreign currency forward transactions with due date 2014 in order to hedge its trade receivables and payables from the effects of the changes in foreign currency exchange rates.

The Group also uses fair value hedge with its derivative portfolio to hedge its trade receivables and payables from the effects of the exchange rate differences in the markets. According to this, the net-off figures of the exchange rate change in the balance sheet and the exchange rate change of the derivative portfolio are presented in the income statement and the effectiveness of the hedge accounting is evaluated at each balance sheet date.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Derivative financial instruments (cont'd)

Foreign exchange forward contracts:

31 December 2014	Average Rate	Foreign Currency (TL)	Contract Value (TL)	Fair Value (TL)
USD buy Euro sell				
Less than 3 months	1,2486	18.616.620	8.232.740	483.927
between 3-6 months	1,2491	18.616.620	8.235.280	473.538
between 6-9 months	1,2500	18.616.620	8.241.140	463.548
between 9-12 months	1,2500	18.616.620	8.251.630	454.048
				1.875.061

As of 31 December 2013 there are no foreign exchange forward contracts.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Derivative financial instruments (cont'd)

Hedges of net investments in foreign operations:

In case there are derivative financial instruments or non-derivative financial liabilities designated to hedge against the financial risks resulting from net investments in foreign operations;

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

The Company subjected the net investment in its foreign subsidiaries and the US Dollar and Euro borrowings in other subsidiaries to the hedge of a net investment in foreign operations. The Company accounted for the foreign exchange losses arising from the related borrowings amounting to TL 8.092.838 (31 December 2013: TL 47.296.564) under Currency Translation Reserves in Equity in accordance with TAS 39 and TFRS Interpretation 16.

Foreign currency position:

Group's assets and liabilities denominated in foreign currencies at 31 December 2014 and 2013 are as follows:

	31 December 2014	**31 December 2013**
Assets	343.350.894	392.457.662
Liabilities	(504.943.411)	(360.437.427)
Net foreign currency position	**(161.592.517)**	**32.020.235**

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2014	Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	Indonesian Rupiah ('000) (*)	Brazilian Real (*)	Other TL Equivalent
Assets:							
Trade receivables	241.726.884	63.018.760	7.387.772	265.779.074	62.383.743	42.141.556	1.717.921
Cash and cash equivalent	13.562.431	2.242.079	223.759	59.741.542	9.068.196	799.513	1.141.028
Other monetary receivables and assets	1.690.202	243.396	46.399	1.044.947	4.673.650	57.506	-
Other non-monetary receivables and assets	59.712.847	5.697.044	432.847	32.473.526	193.883.006	4.948.204	2.535.620
Current assets	**316.692.364**	**71.201.279**	**8.090.777**	**359.039.089**	**270.008.595**	**47.946.779**	**5.394.569**
Non-current assets held for sale	74.620	32.179	-	-	-	-	-
Other monetary receivables and assets	24.708.849	553.760	-	503.000	3.129.750	19.218.830	6.027.634
Non-current assets	**24.783.469**	**585.939**	**-**	**503.000**	**3.129.750**	**19.218.830**	**6.027.634**
Total assets	**341.475.833**	**71.787.218**	**8.090.777**	**359.542.089**	**273.138.345**	**67.165.609**	**11.422.203**
Liabilities:							
Trade payables	133.069.050	41.459.807	6.018.874	14.959.360	43.410.048	7.308.894	4.425.403
Financial payables	416.977.036	73.470.899	87.427.010	-	-	-	-
Other monetary payables and liabilities	39.001.242	7.126.794	1.036.350	59.437.751	31.081.735	9.752.996	1.061.977
Total short-term liabilities	**589.047.328**	**122.057.500**	**94.482.234**	**74.397.111**	**74.491.783**	**17.061.890**	**5.487.380**
Financial payables	138.878.485	59.889.628	-	-	-	-	-
Other monetary payables and liabilities	16.370.188	-	1.773.622	26.864.004	47.218.128	13.020.788	-
Total long-term liabilities	**155.248.673**	**59.889.628**	**1.773.622**	**26.864.004**	**47.218.128**	**13.020.788**	**-**
Total liabilities	**744.296.001**	**181.947.128**	**96.255.856**	**101.261.115**	**121.709.911**	**30.082.678**	**5.487.380**
Fair value of financial instruments used for foreign currency hedging	1.875.061	808.599	-	-	-	-	-
Hedged portion of foreign currency liabilities	239.352.590	35.100.000	56.000.000	-	-	-	-
Net foreign currency asset / (liability) position	**(161.592.517)**	**(74.251.311)**	**(32.165.079)**	**258.280.974**	**151.428.434**	**37.082.931**	**5.934.823**
Monetary items net foreign currency asset / (liability) position	**(462.533.015)**	**(115.856.954)**	**(88.597.926)**	**225.807.448**	**(42.454.572)**	**32.134.727**	**3.399.203**

(*) The amounts are denominated in the related currency.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2013	Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	Indonesian Rupiah ('000) (*)	Brazilian Real (*)	Argentinean Pesos (*)	Other TL Equivalent
Assets:								
Trade receivables	234.182.640	50.092.479	20.241.909	259.437.596	84.951.855	28.194.133	2.872.681	2.226.760
Cash and cash equivalent	48.996.903	8.425.433	3.585.014	4.078.680	16.831.632	2.268.920	2.821.089	14.284.086
Other monetary receivables and assets	9.040.160	234.971	1.435.360	786.267	4.542.119	513.229	8.951.676	228.000
Other non-monetary receivables and assets	62.732.097	7.992.425	20.020	36.908.186	161.495.469	3.303.596	24.298.706	3.825.604
Current assets	**354.951.800**	**66.745.308**	**25.282.303**	**301.210.729**	**267.821.075**	**34.279.878**	**38.944.152**	**20.564.450**
Other monetary receivables and assets	37.505.862	8.174.510	-	669.720	2.936.153	16.075.617	14.834.022	-
Non-current assets	**37.505.862**	**8.174.510**	-	**669.720**	**2.936.153**	**16.075.617**	**14.834.022**	-
Total assets	**392.457.662**	**74.919.818**	**25.282.303**	**301.880.449**	**270.757.228**	**50.355.495**	**53.778.174**	**20.564.450**
Liabilities:								
Trade payables	128.223.837	51.031.941	2.888.992	12.762.536	4.991.518	4.099.381	8.876.297	2.478.656
Financial payables	321.877.413	70.920.429	58.066.386	-	-	-	-	-
Other monetary payables and liabilities	41.956.518	6.773.986	2.076.190	30.243.868	33.357.474	7.945.401	15.991.675	1.121.074
Total short-term liabilities	**492.057.768**	**128.726.356**	**63.031.568**	**43.006.404**	**38.348.992**	**12.044.782**	**24.867.972**	**3.599.730**
Financial payables	.91.478.069	42.860.923	-	-	-	-	-	-
Other monetary payables and liabilities	18.180.390	-	1.891.622	24.468.973	32.592.842	11.597.053	6.293.310	-
Total long-term liabilities	**109.658.459**	**42.860.923**	**1.891.622**	**24.468.973**	**32.592.842**	**11.597.053**	**6.293.310**	-
Total liabilities	**601.716.227**	**171.587.279**	**64.923.190**	**67.475.377**	**70.941.834**	**23.641.835**	**31.161.282**	**3.599.730**
Fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
Hedged portion of foreign currency liabilities	241.278.800	36.000.000	56.000.000	-	-	-	-	-
Net foreign currency asset / (liability) position	**32.020.235**	**(60.667.461)**	**16.359.113**	**234.405.072**	**199.815.394**	**26.713.660**	**22.616.892**	**16.964.720**
Monetary items net foreign currency asset / (liability) position	**(271.990.662)**	**(104.659.886)**	**(39.660.907)**	**197.496.886**	**38.319.925**	**23.410.064**	**(1.681.814)**	**13.139.116**

(*) The amounts are denominated in the related currency.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

TL equivalents of the foreign currencies where the Group operates are as follows:

Closing rates	31 December 2014	31 December 2013
US Dollars	2,3189	2,1343
Euro	2,8207	2,9365
Indonesian Rupiah (1000 units)	0,1864	0,1751
Argentinean Peso	0,2703	0,3273
Brazilian Real	0,8730	0,9111
Thai Baht	0,0703	0,0650
Chinese Renminbia	0,3605	0,3501
Egyptian Pound	0,3230	0,3058

Average rates	1 January - 31 December 2014	1 January - 31 December 2013
US Dollars	2,1879	1,9013
Euro	2,9060	2,5254
Indonesian Rupiah (1000 units)	0,1843	0,1818
Argentinean Peso	0,2710	0,3475
Brazilian Real	0,9296	0,8812
Thai Baht	0,0674	0,0619
Chinese Renminbia	0,3559	0,3071
Egyptian Pound	0,3079	0,2763

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency position as of 31 December 2014 and 2013 in regard to the changes in foreign currency rates is depicted in the table below:

31 December 2014

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(1.581.565)	1.581.565	26.365.600	(26.365.600)
Hedged USD (-)	-	-	-	-
USD net effect	**(1.581.565)**	**1.581.565**	**26.365.600**	**(26.365.600)**
Change in EURO against TL by 10%				
Euro net assets/liabilities	(923.814)	923.814	29.309.833	(29.309.833)
Hedged Euro (-)	-	-	-	-
Euro net effect	**(923.814)**	**923.814**	**29.309.833**	**(29.309.833)**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	2.650.891	(2.650.891)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	**2.650.891**	**(2.650.891)**	**-**	**-**
	145.512	**(145.512)**	**55.675.433**	**(55.675.433)**

31 December 2013

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(4.543.097)	4.543.097	21.487.882	(21.487.882)
Hedged USD (-)	-	-	-	-
USD net effect	**(4.543.097)**	**4.543.097**	**21.487.882**	**(21.487.882)**
Change in EURO against TL by 10%				
Euro net assets/liabilities	7.375.697	(7.375.697)	24.071.344	(24.071.344)
Hedged Euro (-)	-	-	-	-
Euro net effect	**7.375.697**	**(7.375.697)**	**24.071.344**	**(24.071.344)**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	4.055.526	(4.055.526)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	**4.055.526**	**(4.055.526)**	**-**	**-**
	6.888.126	**(6.888.126)**	**45.559.226**	**(45.559.226)**

Export and import transactions from and to Turkey as of 31 December 2014 and 2013 are as follows:

	31 December 2014		31 December 2013	
	Original balance	TL	Original balance	TL
Euro	132.079.206	384.444.198	143.446.581	359.864.046
US Dollars	65.709.561	144.224.241	68.213.891	130.779.758
Total export		**528.668.439**		**490.643.804**

	1 January-31 December 2014	1 January-31 December 2013
Import	**418.748.481**	**368.851.621**

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(c) Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Group are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

Group uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, Group approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

Comments on credit quality of financial assets

As of 31 December 2014 and 2013, Banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise of the customers/ related parties that are worked with for a long time and without significant collection problems.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2014, the credit risk regarding the financial instruments is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
31 December 2014	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk based on financial instruments as of reporting date (**)	**12.891.560**	**270.627.898**	**-**	**3.682.795**	**575.770**	**13.060.408**
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	12.891.560	236.065.950	-	3.682.795	575.770	13.060.408
Net book value of past due but not impaired financial assets	-	34.561.948	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1.420.583	-	-	-	-
- Impairment (-)	-	(1.420.583)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.
(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2013, the credit risk regarding the financial instruments is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
31 December 2013	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk based on financial instruments as of reporting date (**)	**2.821.961**	**249.900.127**	-	**3.449.594**	**17.588.986**	**34.814.118**
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	2.821.961	225.951.936	-	3.449.594	17.588.986	34.814.118
Net book value of past due but not impaired financial assets	-	23.948.191	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1.757.292	-	-	-	-
- Impairment (-)	-	(1.757.292)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.
(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Credit risk (cont'd)

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms is as follows:

	31 December 2014	31 December 2013
Less than 1 month	17.947.803	16.933.054
Between 1-3 months	15.332.328	5.505.250
Between 3-12 months	1.281.817	1.509.887
	34.561.948	**23.948.191**

(e) Capital risk management

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

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

Consistent with others in the industry, the group monitors capital on the basis of the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents.

As of 31 December 2014 and 2013 Net debt/(Equity+net debt+non-controlling interest) ratio is:

	1 January-31 December 2014	1 January-31 December 2013
Total financial liabilities	557.179.367	413.506.782
Cash and cash equivalents	(13.677.842)	(52.468.112)
Net debt	543.501.525	361.038.670
Equity	886.720.375	878.087.365
Non-controlling interests	200.100.178	170.610.241
Equity+net debt+non-controlling interest	1.630.322.078	1.409.736.276
Net debt/(Equity+net debt+non-controlling interest) ratio	33%	26%

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

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

Methodology and assumptions used for determining fair value of the financial instruments are as follows:

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

31 December 2014 Financial assets	Loans and receivables (cash and cash equivalents included)	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	Carrying value (*)	Note
Cash and cash equivalents	13.677.842	-	-	-	13.677.842	4
Trade receivables	270.627.898	-	-	-	270.627.898	7
Receivables from related parties	12.891.559	-	-	-	12.891.559	27
Financial investments	-	285.638	-	-	285.638	5
Other financial assets (**)	3.682.795	-	-	-	3.682.795	8
Derivative financial instruments	-	-	-	1.875.061	1.875.061	
Financial liabilities						
Borrowings	-	-	557.179.367	-	557.179.367	6
Trade payables	-	-	153.404.314	-	153.404.314	7
Payables to related parties	-	-	3.517.840	-	3.517.840	27
Other financial liabilities (**)	7.242.532	-	-	-	7.242.532	8

31 December 2013 Financial assets	Loans and receivables (cash and cash equivalents included)	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	Carrying value (*)	Note
Cash and cash equivalents	52.468.112	-	-	-	52.468.112	4
Trade receivables	249.900.127	-	-	-	249.900.127	7
Receivables from related parties	2.821.961	-	-	-	2.821.961	27
Financial investments	-	285.022	-	-	285.022	5
Other financial assets (**)	3.449.594	-	-	-	3.449.594	8
Financial liabilities						
Borrowings	-	-	413.506.782	-	413.506.782	6
Trade payables	-	-	154.933.960	-	154.933.960	7
Payables to related parties	-	-	5.310.429	-	5.310.429	27
Other financial liabilities (**)	-	-	13.487.201	-	16.264.576	8

(*) The Group believes that the carrying values of the financial instruments approximate their fair values.
(**) Excludes tax and other legal receivables and payables.

NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates to TL, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, fair value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 6).

Fair value estimation

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

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

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

NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)

Fair value estimation (cont'd)

Fair value hierarchy of financial assets and liabilities:

Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below is the detail on how the fair value of the financial assets and liabilities aforementioned are determined:

Financial Assets / Financial Liabilities	**Fair value**		**Fair value hierarchy**	**Valuation technique**
	31 December 2014	31 December 2013		
Foreign Currency forward contracts	1.875.061	-	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale comprise of the land in possesion of Nile Kordsa Company for Industrial Fabrics S.A.E., one of the subsidiaries of the Group.

During the accounting of losses from the disposal of Kordsa Argentina S.A., a subsidiary of the group, Kordsa Argentina's portion of the Shareholders' Contribution amounting to TL 68.771.657 that arise during the mergers in 2006 is utilized. In addition, accumulated currency translation reserve of Kordsa Argentina S.A. which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 15.715.494 is included in the current year profit. During the liquidation of Kordsa Quingdao Nylon Enterprise ("KQNE"), accumulated currency translation reserve which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 10.981.805 is included in the current year profit. In the profit or loss statement, TL (2.412.069) of TL 5.692.803 is loss arising from liquidation of Kordsa Argentina S.A. and the TL (3.285.923) is the loss for the first nine months period of the entity. Remaining balance amounting to TL 11.390.795 is the currency translation difference arising from the liquidation of KQNE.

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

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

Operational results of Kordsa Argentina for the period 1 January - 30 September 2014 and 1 January - 31 December 2013 are as follows:

	1 January- 30 September 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales	16.208.973	13.145.699
Cost of Sales (-)	(5.759.619)	(4.009.225)
GROSS PROFIT	**10.449.354**	**9.136.475**
Marketing Expenses (-)	(3.081.153)	(3.437.002)
General and Administrative Expenses (-)	(2.841.449)	(3.621.288)
Research and Development Expenses (-)		
Other Operating Income	2.590.756	4.299.758
Other Operating Expenses (-)	(8.144.292)	(6.614.330)
OPERATING LOSS	**(1.026.784)**	**(236.387)**
Income From Investing Activities	290.687	590.714
Expenses From Investing Activities (-)	(6.582)	(35.648)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	**(742.679)**	**318.679**
Financial Income		
Financial Expenses (-)	(2.543.244)	(3.071.742)
LOSS BEFORE TAX	**(3.285.923)**	**(2.753.063)**
LOSS FOR THE PERIOD	**(3.285.923)**	**(2.753.063)**

Operational results of KQNE for the period 1 January - 30 November 2014 and 1 January - 31 December 2013 are as follows:

	1 January- 30 November 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales	-	-
Cost of Sales (-)	-	-
GROSS PROFIT	-	-
Marketing Expenses (-)	(263.350)	(530.253)
General and Administrative Expenses (-)	(492.559)	(1.152.148)
Research and Development Expenses (-)		
Other Operating Income	5.569	3.527
Other Operating Expenses (-)	-	-
OPERATING LOSS	**(750.340)**	**(1.678.874)**
Income From Investing Activities	290.855	360.219
Expenses From Investing Activities (-)	(11.492)	(11.939)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	**(470.977)**	**(1.330.594)**
LOSS BEFORE TAX	**(470.977)**	**(1.330.594)**
Tax Expense:		
- Current Tax Expense	(10)	(8)
- Deferred Tax Income/ (Expense)	411	335
LOSS FOR THE PERIOD	**(470.576)**	**(1.330.267)**

NOTE 32 – EVENTS AFTER THE REPORTING PERIOD

Within the extent of "Advanced Materials and Composit Cooperation" studies with Sabancı University and its affiliates, Board of Directors of the Group;

Budgeted TL 65 Million for the construction and installation of the Composit Technologies Excellence Center with 10.000 squaremeters indoor space in Teknopark İstanbul A.Ş. (Istanbul Technology Development Zone).

An Investment Incentive Certificate for TL 36 Million has been obtained from Ministry of Economic Affairs on 4 December 2014 for the center mentioned above. In accordance with the certificate, the project, which is in the scope of "priority investment", is going to benefit from 5^{th} region incentives. The project is planned to be realized during the first half of 2016.

The opening for the approximately USD 100 Million investment in PT Indo Kordsa Tbk and PT Indo Kordsa Polyester, subsidiaries of the Group, took place on 6 January 2015. With this investment, Indo Kordsa operation became the largest foreign investment of Kordsa Global, reaching 24.000 tons of Nylon 66 yarn, 39.000 tons of high resistence polyester yarn (HMLS) and 42.000 tons of cord fabric capacity.