EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ and ITS SUBSIDIARY

Convenience Translation Into English of Consolidated Financial Statements for the year ended 31 December 2013 and Independent Auditor's Report

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ and its SUBSIDIARY

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Consolidated Financial Statements
for the year ended 31 December 2013
and
Independent Auditor's Report

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CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of
Ege Profil Ticaret ve Sanayi Anonim Şirketi

We have audited the accompanying consolidated statement of financial position of Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Parent Company) and its Subsidiary as of 31 December 2013 and the related 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 notes. We have not audited the financial statements of the Company's consolidated subsidiary Deceuninck Importadora Limitada which represents 3,5% of the Company's total assets stated in the consolidated statement of financial position and 0,7% of its net sales stated in the consolidated statement of profit or loss and other comprehensive income (Note 2).

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent 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 independent audit standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Parent Company'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 the Parent Company management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Ege Profil Ticaret ve Sanayi Anonim Şirketi and its subsidiary as of 31 December 2013, and the results of their operations and their cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Other Matter

The Parent Company's financial statements for the accounting period 1 January – 31 December 2012 were audited by another independent auditor who expressed an unqualified opinion under the report dated 8 March 2013.

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

In accordance with Article 402 of the Turkish Commercial Code ("TCC") no. 6102; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit; additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

In our opinion, the information stated in the annual report of the Board of Directors is in compliance with the audited financial statements.

Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the Code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the reporting date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 5 June 2013 and it is comprised of 4 members. The committee has met once every three months since its formation to the reporting date for the purposes of early identification of risks which jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant quarterly reports to the Board of Directors.

Istanbul,
10 March 2014

BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network

Bülent Üstünel
Partner in charge

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

ASSETS	Notes	Current Period 31 December 2013	Prior Period 31 December 2012
Current assets		258.984.301	241.791.806
- Cash and cash equivalents	2,4	38.257.104	33.339.561
- Financial assets		-	-
- Trade receivables	2,7	172.542.402	181.750.652
- Trade receivables from related parties	2,7,28	8.881.177	8.980.288
- Trade receivables from non-related parties	2,7	163.661.225	172.770.364
- Other receivables		158.757	409.742
- Other receivables from related parties		-	-
- Other receivables from non-related parties	8	158.757	409.742
- Inventories	2,9	33.168.154	21.633.829
- Prepaid expenses	10	7.735.026	2.592.668
- Current tax assets	11	1.779.435	-
- Other current assets	18	3.736.140	1.299.125
SUB TOTAL		**257.377.018**	**241.025.577**
- Non-current assets held for sale	2,25	1.607.283	766.229
TOTAL CURRENT ASSETS		**258.984.301**	**241.791.806**
Non-current assets		99.670.138	90.429.568
- Trade receivables		-	-
- Due from related parties		-	-
- Due from non-related parties		-	-
- Other receivables		247.102	159.079
- Other receivables from related parties		-	-
- Other receivables from non-related parties	8	247.102	159.079
- Financial assets		-	-
- Investments valued by equity method		-	-
- Investment properties		-	-
- Tangible assets	2,12	92.597.210	83.164.813
- Intangible assets	2,13	6.123.884	6.251.654
- Goodwill	2,14	655.882	655.882
- Other intangible assets		-	-
- Prepaid expenses	10	46.060	198.140
- Deferred tax asset	2,26	-	-
- Other non-current assets		-	-
TOTAL NON-CURRENT ASSETS		**99.670.138**	**90.429.568**
TOTAL ASSETS		**358.654.439**	**332.221.374**

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

LIABILITIES	Notes	Current Period 31 December 2013	Prior Period 31 December 2012
Short term liabilities		125.805.114	144.785.670
- Short term borrowings	2,5	10.887.421	27.722.201
- Short term portion of long term debts	2,5	17.619.857	25.803.913
- Other financial liabilities	2,6	14.500	50.840
- Trade payables		56.470.267	46.182.725
- Due to related parties	2,7,28	1.047.233	1.000.368
- Due to non-related parties	2,7	55.423.034	45.182.357
- Employee benefits	17	1.703.081	1.918.395
- Other payables	8	-	-
- Due to related parties		-	-
- Due to non-related parties		-	-
- Deferred income	10	34.576.258	37.775.162
- Current tax liability	2,26	52.462	410.231
- Short term provisions		2.024.666	2.133.603
- Short term provisions related to employee benefits	17	636.816	696.160
- Other short term provisions	15	1.387.850	1.437.443
- Other short term liabilities	18	2.456.602	2.788.600
SUB TOTAL		**125.805.114**	**144.785.670**
- Liabilities related to asset groups classified as held for sale		-	-
TOTAL SHORT TERM LIABILITIES		**125.805.114**	**144.785.670**
Long term liabilities		66.549.385	30.851.739
- Long term borrowings	2,5	57.428.500	22.666.667
- Other financial liabilities	2,6	-	-
- Trade payables		-	-
- Trade payables to related parties		-	-
- Trade payables to non-related parties		-	-
- Other payables		-	-
- Due to related parties		-	-
- Due to non-related parties		-	-
- Deferred income		-	-
- Long term provisions		3.255.165	2.831.587
- Long term provisions related to employee benefits	2,17	3.255.165	2.831.587
- Other long term provisions		-	-
- Current period tax liabilities		-	-
- Deferred tax liability	2,26	5.865.720	5.353.485
- Other long term liabilities		-	-
TOTAL LONG TERM LIABILITIES		**66.549.385**	**30.851.739**

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

LIABILITIES	Notes	Current Period 31 December 2013	Prior Period 31 December 2012
EQUITY		**166.299.940**	**156.583.965**
Equity attributable to the Parent Company		166.299.940	156.583.965
- Paid-in capital	19	59.566.900	59.566.900
- Capital adjustment differences	19	7.840.703	7.840.703
- Reacquired shares(-)		-	-
- Cross-shareholding adjustment (-)		-	-
- Share premium		-	-
- Accumulated other comprehensive income/losses not to be reclassified in profit/loss		18.278.945	18.619.782
- Revaluation and remeasurement gains/(losses)		18.829.396	19.127.794
- Other gains/(losses)		(550.451)	(508.012)
- Accumulated other comprehensive income/losses to be reclassified in profit/loss		10.193	-
- Foreign currency translation differences		10.193	-
- Hedging gains/(losses)		-	-
- Revaluation and remeasurement gains/(losses)		-	-
- Other gains/(losses)		-	-
- Restricted profit reserves	19	13.825.129	13.531.183
- Retained earnings / (Accumulated losses)	19	51.084.059	36.979.182
- Net profit/(loss) for the period	2	15.694.011	20.046.215
Non-controlling interest		-	-
TOTAL EQUITY		**166.299.940**	**156.583.965**
TOTAL LIABILITIES AND EQUITY		**358.654.439**	**332.221.374**

Consolidated Statements of Profit/Loss and Other Comprehensive Income for the years ended 31 December 2013 and 2012
(Amounts expressed in Turkish Lira (TL) - unless otherwise indicated)

	Notes	Current Period 31 December 2013	Prior Period 31 December 2012
Revenue	2,20	316.779.618	295.791.143
Cost of sales(-)	20	(229.037.062)	(215.619.346)
Gross profit/loss		**87.742.556**	**80.171.797**
General administration expenses (-)	21	(16.068.286)	(16.064.070)
Marketing expenses (-)	21	(38.731.320)	(31.839.993)
Research and development expenses (-)	21	(330.968)	(265.941)
Other operating income	22	13.810.832	9.112.177
Other operating expenses (-)	22	(15.152.271)	(7.308.614)
Operating profit/loss		**31.270.543**	**33.805.356**
Income from investing activities		-	-
Expenses related to investing activities (-)		-	-
Profit/loss shares in investments valued by equity		-	-
Operating profit/loss before financial expenses		**31.270.543**	**33.805.356**
Financial income	24	1.368.469	3.293.644
Financial expenses (-)	24	(12.527.064)	(12.026.032)
Profit/loss before tax from continuing operations		**20.111.948**	**25.072.968**
Tax expense/income from continuing operations		**(4.417.937)**	**(5.026.753)**
Tax expense/income for the period	2,26	(3.895.092)	(4.402.538)
Deferred tax expense/income	2,26	(522.845)	(624.215)
Profit/loss for the period from continuing operations		**15.694.011**	**20.046.215**
Profit/loss for the period		**15.694.011**	**20.046.215**
Other comprehensive income/(expense)			
Income and expense items not to be reclassified in profit or loss		**(340.837)**	**12.446.922**
Change in fixed assets revaluation fund		(372.997)	13.898.474
Actuarial gains and losses from pension plans	17	(53.049)	(412.447)
Deferred tax income / expense		*85.209*	(1.039.105)
Income and expense items to be reclassified in profit or loss		**10.193**	**-**
Change in foreign exchange differences		10.193	-
Other comprehensive income (After tax)		**(330.644)**	**12.446.922**
Total comprehensive income		**15.363.367**	**32.493.137**
Earnings per share in continuing operations	**2,27**	**0,2635**	**0,3365**

Consolidated Statements of Changes in Equity for the years ended 31 December 2013 and 2012
(Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

	Note	Paid-in Capital	Equity Adjustment Differences	Restricted Profit Reserves	Actuarial (Losses) / Gains	Translation Difference	Fixed assets Revaluation Fund	Retained Earnings	Net Profit /(Loss) for the Period	Total Equity attributable to the Company	Non-controlling Interest	Total Equity
Balance as at 1 January 2012		**59.566.900**	**7.840.703**	**13.531.183**	**-**	**-**	**6.350.915**	**25.813.292**	**10.736.787**	**123.839.780**	**-**	**123.839.780**
TAS 19 Adjustment (net of deferred tax effect)		-	-	-	(178.055)	-	-	151.961	26.094	-	-	-
Adjusted balance as at 1 January 2012		**59.566.900**	**7.840.703**	**13.531.183**	**(178.055)**	**-**	**6.350.915**	**25.965.253**	**10.762.881**	**123.839.780**	**-**	**123.839.780**
Net profit for the period									***20.046.215***	***20.046.215***	***-***	***20.046.215***
Fixed asset value increase (net of deferred tax effect)		-	-	-	-	-	13.027.927	-	-	13.027.927	-	13.027.927
Other comprehensive income/ (expense)	19	-	-	-	(329.957)	-	(251.048)	-	-	(581.005)	-	(581.005)
Total Comprehensive Income/(Expense)					(329.957)		12.776.879	-	20.046.215	32.493.137	-	32.493.137
Reclassification of retained earnings	19	-	-	-	-	-	-	10.762.881	(10.762.881)	-	-	-
Revaluation fund transfer	19	-	-	-	-	-	-	251.048	-	251.048	-	251.048
Adjusted balance as at 31 December 2012		**59.566.900**	**7.840.703**	**13.531.183**	**(508.012)**		**19.127.794**	**36.979.182**	**20.046.215**	**156.583.965**	**-**	**156.583.965**
Balance as at 1 January 2013		**59.566.900**	**7.840.703**	**13.531.183**	**-**		**19.127.794**	**36.801.127**	**19.716.258**	**156.583.965**	**-**	**156.583.965**
TAS 19 Adjustment (net of deferred tax effect)		-	-	-	(508.012)	-	-	178.055	329.957	-	-	-
Adjusted balance as at 1 January 2013		**59.566.900**	**7.840.703**	**13.531.183**	**(508.012)**	**-**	**19.127.794**	**36.979.182**	**20.046.215**	**156.583.965**	**-**	**156.583.965**
Net profit for the period	***19***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***15.694.011***	***15.694.011***	***-***	***15.694.011***
Other comprehensive income					(42.439)	10.193	(298.398)	-	-	(330.644)	-	(330.644)
Total comprehensive income/(expense)		-	-	-	(42.439)	10.193	(298.398)	-	15.694.011	15.363.367	-	15. 363.367
Reclassification of retained earnings		-	-	-	-	-	-	20.046.215	(20.046.215)	-	-	-
Transfer to restricted profit reserves		-	-	293.946	-	-	-	(293.946)	-	-	-	-
Dividend payment		-	-	-	-	-	-	(5.917.804)	-	(5.917.804)	-	(5.917.804)
Revaluation fund transfer	19	-	-	-	-	-	-	298.398	-	298.398	-	298.398
Effect of Branch on Retained earnings /Accumulated losses		-	-	-	-	-	-	(27.986)	-	(27.986)	-	(27.986)
Adjusted balance as at 31 December 2013		**59.566.900**	**7.840.703**	**13.825.129**	**(550.451)**	**10.193**	**18.829.396**	**51.084.059**	**15.694.011**	**166.299.940**	**-**	**166.299.940**

Consolidated Statements of Cash Flows for the years ended 31 December 2013 and 2012
(Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

CASH INFLOWS PROVIDED BY OPERATING ACTIVITIES	Notes	1 January - 31 December 2013	1 January - 31 December 2012
(Loss)/ profit before tax provision and monetary gains		**20.111.948**	25.072.968
Reconciliation between profit(loss) before tax and cash flows from operating activities			
Loss/(gain) on fixed asset sales		**(74.095)**	28.286
Depreciation and amortisation	12,13	**7.750.721**	7.549.643
Inventory provision		**50.697**	83.236
Provision for doubtful receivables		**10.188.782**	5.423.272
Provision for termination indemnity		**579.091**	556.027
Provision for leaves		**(59.344)**	229.152
Forward (income)/los) accrual		**(107.950)**	50.840
Unrealized foreign exchange difference (gains)/losses, net		**2.787.649**	(699.960)
Interest income	22	**(2.893.329)**	(2.882.481)
Interest expense	22,24	**6.904.655**	8.628.553
Income accrual		**-**	(1.229.713)
Provision for litigation	15	**(107.424)**	-
Warranty provision	15	**57.831**	75.824
Operating (loss)/profit before working capital changes		**45.189.232**	42.885.647
Working capital changes			
Inventories		**(11.585.022)**	9.041.204
Trade receivables (including balances due from related parties)	9	**3.289.929**	(37.184.128)
Trade payables (including balances due to related parties)		**7.550.772**	15.630.076
Other short term liabilities		**(547.313)**	2.799.178
Other payables	10	**(3.198.904)**	11.239.625
Other short term receivables	8	**250.986**	(157.995)
Other long term receivables	8	**(88.023)**	(87)
Other current assets		**(9.236.357)**	1.424.281
Other non-current assets		**152.080**	5.322.684
Non-current assets held for sale		**(841.054)**	(74.882)
Collection of doubtful receivables		**965.256**	2.104.884
Taxes paid	11	**(4.252.860)**	(4.614.325)
Termination indemnities paid		**(155.514)**	(648.384)
Net cash inflows/(outflows) related to operating activities		**27.493.208**	47.767.778
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible assets	12	**(17.087.011)**	(11.615.604)
Acquisition of intangible assets	13	**(1.118)**	-
Revenue on sale of tangible assets		**106.878**	192.001
Interest collected	20	**2.893.329**	2.882.481
Net cash outflows provided by/(used in) investing activities		**(14.087.922)**	(8.541.122)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows/(outflows) related to financial debts, net		**2.072.005**	(11.368.971)
Interest paid		**(4.571.102)**	(8.736.857)
Dividend payment		**(5.917.804)**	-
Other financial liabilities		**(27.986)**	-
Translation difference		**10.193**	-
Actuarial gains/losses		**(53.049)**	(412.447)
Net cash outflows provided by/(used in) financing activities		**(8.487.743)**	(20.518.275)
Decrease in cash and cash equivalents, net		**4.917.543**	18.708.381
Beginning of the period		**33.339.561**	14.631.180
End of the period		**38.257.104**	33.339.561

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

1. Organization and Principal Activities of the Parent Company

Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Parent Company) is a company registered in Izmir. The main operations of the Parent Company are manufacturing and sales of all types of plastic pipes, spare parts, profiles and plastic goods.

In the following sections, the Parent Company and its subsidiary will be referred to as "the Parent Company or the Company".

The address of the Parent Company is as follows :

Atatürk Organize Sanayi Bölgesi, 10003 Sokak, No:5, Çiğli - İzmir

As of 31 December 2013 and 31 December 2012, the shareholding structure of the Parent Company is as follows:

	31 December 2013	31 December 2012
Name	**Share percentage**	Share percentage
Deceuninck N.V.	**97,54%**	97,54%
Public offering	**2,46%**	2,46%
	100,00%	100,00%

As of 31 December 2013, 2,46% of the Company shares is listed on Istanbul Stock Exchange ("ISE").

As of 31 December 2013 and 31 December 2012, the number of personnel by category is as follows:

	31 December 2013	31 December 2012
White collar	**167**	149
Blue collar	**505**	466
	672	615

- Along with its Turkish operations, the Parent Company carries out sales activities through its subsidiary in Chile and its branch office in India.

- For re-financing purposes, the major shareholder Deceuninck NV acting in the capacity of loan receiver has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative the entire number of its 58.100.520 shares representing 97,5382% of the Company's share capital as per the Share Pledge Agreement signed on 16 August 2012 upon amendment dated 16 July 2012 made on the Loan Agreement dated 11 September 2009.

- The consolidated financial statements were approved by the Board of Directors on 10 March 2014. The General Meeting and relevant regulatory bodies have the power to amend the consolidated financial statements.

2. Presentation of the Financial Statements

(i) Basis of Presentation :

Preparation of the financial statements

The Parent Company maintains its books of account and prepares its statutory financial statements in Turkish Lira in accordance with the prevailing commercial and financial legislation. The foreign subsidiaries and agencies maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the rules and regulations of the country in which they operate. The accompanying consolidated financial statements are prepared in accordance with the provisions of the "Communiqué Related to the Financial Reporting Principles at the Capital Markets" (Communiqué) Nr. II/14.1 of the Capital Markets Board (CMB) published in the Official Gazette dated 13 June 2013 Nr 28676, taking as basis the Turkish Accounting Standards /Turkish Financial Reporting Standards and the related appendices and interpretations (TAS/TFRS) put into effect by the Public Oversight Accounting and Auditing Standards Authority (POA) as per the Article 5 of the Communiqué.

The accompanying consolidated financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated 7 June 2013 nr 2013/19 of the CMB.

The consolidated financial statements are based on the statutory records of the Parent Company and its Subsidiary and presented in TL in accordance with the TAS/TFRS with certain adjustments and reclassifications to provide a true and fair view of the Company's financial position.

The reclassifications made in the Parent Company's statement of financial position as of 31 December 2012 and its statement of comprehensive income for the year ended 31 December 2012 are as follows:

- 'Order advances given for inventories' stated in the 'other current assets' account group in the amount of TL 2.277.122 is reclassified in 'short term prepaid expenses' account.

- 'Prepaid expenses' stated in the 'other current assets' account group in the amount of TL 315.547 is reclassified in 'short term prepaid expenses' account.

- 'Order advances given for fixed assets' stated in the 'other non-current assets' account group in the amount of TL 196.687 is reclassified in 'long term prepaid expenses' account.

- 'Prepaid expenses' stated in the 'other non-current assets' account group in the amount of TL 1.452 is reclassified in 'long term prepaid expenses' account.

- 'Bank borrowings' stated in the 'short term financial debts' account group in the amount of TL 25.803.913 is reclassified in 'short term portion of long term borrowings' account.

- The account group presented as 'liabilities related to employee benefits' is renamed to be presented as 'employee benefit obligations'.

- 'Taxes and other withholdings' stated in the 'other liabilities' account group in the amount of TL 883.549 is reclassified in 'employee benefit obligations' account.

- 'Other miscellaneous debts' stated in the 'other liabilities' account group in the amount of TL 936.650 is reclassified in 'trade payables from related parties' account.

- 'Order advances received' stated in the 'short term other payables' account group in the amount of TL 37.775.162 is reclassified in 'deferred income' account.

2. Presentation of the Financial Statements (continued)

(i) Basis of Presentation (continued):

- 'Long-service incentive pay' stated in the 'long term other expenses and provisions' account group in the amount of TL 2.831.587 is reclassified in 'long term provisions related to employee benefits' account.

- 'Foreign exchange losses related to trade receivables and payables' stated in the 'financial expenses' account group in the amount of TL 6.541.659 is reclassified in 'other expenses from operating activities' account.

- 'Foreign exchange gains related to trade receivables and payables' stated in the 'financial income' account group in the amount of TL 5.573.827 is reclassified in 'other income from operating activities' account.

- 'Interest income from bank deposits' stated in the 'financial expenses' account group in the amount of TL 2.882.481 is reclassified in 'other income from operating activities' account.

- 'Bank expenses' stated in the 'general administration expenses' account group in the amount of TL 537.200 is reclassified in 'other expenses from operating activities' account.

- As of 31 December 2012, TL 62.761 of deferred tax effect is reflected to the depreciation total transferred from fixed asset revaluation fund to retained earnings /accumulated losses, and the deferred tax liability is increased by the same amount.

The financial statement items other than land, land improvements, buildings, and forward exchange contracts are based on historical cost.

Functional currency and reporting currency

The Parent Company uses Turkish Lira ("TL") as functional currency and reporting currency. The functional currencies used by the Parent Company's branch in India and its subsidiary in Chile are Indian Rupee and Chilean Peso, respectively. The items of the statement of financial position are translated at the foreign exchange rate valid at the reporting date; and the income and expense items are translated at the average rate of exchange for the period. Gains and losses arising from translation operations are stated in the "foreign exchange translation differences" account in the consolidated statement of comprehensive income. The accompanying financial statements are prepared in TL including the financial statements as of 31 December 2013 and the prior period financial data used for comparison purposes.

(ii) Companies included in the consolidation and their consolidation rates:

Parent Company:

- Ege Profil Ticaret ve Sanayi Anonim Şirketi 100%

Subsidiary:

- Deceuninck Importadora Limitada * 99,9%

* Included in the accompanying consolidated financial statements by full consolidation method. The non-controlling shares representing 0,7% of the total capital is regarded immaterial, hence non-controlling interest is not calculated.

2. Presentation of the Financial Statements (continued)

(iii) Consolidation Principles:

Full Consolidation Method:

- All items of the statement of financial position except for the paid-in capital of the Parent Company and its subsidiary and their equities at the acquisition date are added, and inter-company balances are eliminated.
- The Parent Company's interest in the subsidiary is set off against the Financial Assets account of the Parent Company and the Share Capital account of the subsidiary.
- As of the acquisition date that the entity included in the consolidation becomes a subsidiary and in the subsequent share acquisitions, the acquisition cost of the Parent Company's shares in its subsidiary is set off against the value representing these shares in the equity account of the Subsidiary's statement of financial position drawn up according to fair value.
- Shares other than Parent Company shares and Subsidiary shares are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling Interests" in the equity account group of the consolidated statement of financial position.
- The purchase and sales among the Parent Company and its Subsidiary and the profit and losses arising from these transactions are eliminated in the consolidated statement of comprehensive income. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

(iv) Adjustment of Financial Statements during Hyper-Inflationary Periods:

Turkish Accounting Standard 29 (TAS 29) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the previous periods be restated in the same terms. As per the resolution of the Capital Markets Board (CMB) dated 17 March 2005 Nr 11/367, the application of inflation adjustment on the financial statements is terminated in 2005. For that reason, the financial statements are prepared in terms of the purchasing power of the Turkish Lira as at 31 December 2004. The additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

(v) Adjustments :

Consolidated financial statements are prepared in accordance with TAS/TFRS, and the adjustments which are not stated in the statutory books are set out below.

- Depreciation adjustment related to the economical lives of tangible and intangible assets
- Adjustment of discounting the cost value of land, land improvement, and buildings to their market values
- Provision for doubtful receivables
- Warranty provision for sales
- Provision for litigation
- Adjustment of provisions for termination indemnity and leaves
- Adjustment related to purchasing turnover premium income
- Adjustment related to sales turnover premium payments

2. <u>Presentation of the Financial Statements (continued)</u>

(v) Adjustments (continued):

- Inventory provision
- Rediscount calculation for post dated cheques, note receivable, notes payable, customers, and suppliers
- Deferred tax adjustment

(vi) Comparative Information and Adjustment of Prior Period Financial Statements:

The Parent Company's financial statements are prepared comparatively with the prior period in order to make financial position and performance evaluations. The Parent Company's consolidated statements of financial position as of 31 December 2013 and 31 December 2012 are prepared comparatively. Similarly, the consolidated statements of comprehensive income, cash flows, and changes in equity for the period 1 January - 31 December 2013 and those for the period 1 January - 31 December 2012 are prepared comparatively.

(vii) Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the entity has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

(viii) Accounting Policies, Changes and Errors in Accounting Estimates:

The accounting policies applied by the Parent Company are consistent with those applied in the prior year. Significant changes in accounting policies and significant accounting errors determined in the financial statements are treated retrospectively, and the prior year financials are restated. Changes in accounting policies are applied in the period of the change if they are related to the one period only; however, if they are related to the future periods, they are applied both in the period of change and the future period, prospectively.

Pursuant to TAS 19 "Employee Benefits", starting from 1 January 2013, the actuarial gains/losses related to provisions for termination indemnity are included in the other comprehensive income. As the related standard is revised, the change in the accounting policy was applied as required by the standard as of 1 January 2011, and the actuarial gains/losses stated in the prior period statements of income are reclassified under profit or loss and other comprehensive income; and the financial statements and notes are revised accordingly.

The preparation of the financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in statements of income in the periods they become known.

2. Presentation of the Financial Statements (continued)

(viii) Accounting Policies, Changes and Errors in Accounting Estimates (continued):

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) Termination indemnity liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). As these plans are long term plans, the said assumptions include significant ambiguities. Provisions for employee benefits are elaborated in Note 17.

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties, are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.The provisions made for doubtful receivables as of the reporting date are disclosed in Note 7.

c) The Management has made significant assumptions in parallel with the technical team's experience in determining the useful lives of machinery and equipment.

d) In calculating impairment, the physical status and aging of inventories are reviewed taking into consideration the technical personnel's opinion; and provision is made for items assumed unserviceable. In determining the net realizable value of inventories, inventory price lists and average discount rates of the year are used and assumptions are made in relation to sales expenses to be incurred in the future. As a result of these studies, provision is made for inventories whose net realizable value is less than the cost value as stated in Note 9.

e) The Company uses discount cash flows and independent valuation studies on land and buildings in making impairment analysis on assets. While making these analyses, the Company makes various assumptions in relation to the Company's future operations and the discount rates to be used. As a result of these studies, it is concluded by the Management that there is no impairment in the Company's non-financial assets.

f) Deferred tax assets are recognized in the event that it is likely to settle temporary differences and accumulated losses through future taxable profit. In determining the amount of deferred tax assets to be recorded, significant assumptions and valuations need to be made in relation to the taxable profits that are likely to be generated in the future (Note 26).

g) Management takes into consideration in making provisions for litigation the probability and consequences of losing court cases together with the legal consultants's opinion. The amount of provision deemed necessary by the Management is determined using the data available and making the best possible assumptions thereon. The related disclosures are set out in Note 15.

h) In the light of legal consultants' opinion, the Management has made the best possible assumptions for the amount of provision that would be necessary for a liability likely to arise upon the tax review made for 2007. The related disclosures are set out in Note 15.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations:

The accounting policies adopted in preparation of the consolidated financial statements for the period ended 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Parent Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

These amendments require the entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,

ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures need to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and has no impact on the consolidated financial statements of the Company.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendment affects the basis of presentation only and does not have an impact on the financial position or performance of the Company.

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these amendments, the most important changes are removing the corridor mechanism, recognizing actuarial gain/(loss) under other comprehensive income in defined benefit plans, and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. Prior to the amendment, the Parent Company used to recognize its actuarial gains and losses in the statement of income. The impact on the Company's financial position and performance resulting from the amendment regarding the accounting of actuarial gains/ losses has been disclosed retrospectively in Note 17.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Company.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements

TFRS 10 replaces the parts of previously existing TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced for determining which entities are to be consolidated. This is a principle based standard through which the decision making areas of the preparers of the financial statements have been enhanced. The accompanying consolidated financial statements are based on this standard.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Company.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard is only related to the basis of presentation and has no effect on the disclosures provided by the Company.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. This standard did not have any impact on the Company's consolidated financial statements.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and does not have any impact on the financial position or performance of the Company.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments only change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as ‘the beginning of the annual reporting period in which TFRS 10 is applied for the first time’. The assessment of whether control exists is made at ‘the date of initial application’ rather than at the beginning of the period presented comparatively. In the event that the control assessment made in accordance with TFRS 10 is different than that made in accordance with TAS 27/SIC-12, the effects of retrospective adjustments need to be determined. However, if the control assessments are the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons, TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities have also been amended to provide transition relief. This amendment has no impact on the financial position and performance of the Company.

Improvements to TFRSs

2009-2011 improvements to TFRS effective for the annual accounting periods starting at or subsequent to 1 January 2013 which are disclosed below have had no impact on the financial position or performance of the Company.

TAS 1 Presentation of Financial Statements:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Interim Financial Reporting:
Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

Standards issued but not yet effective and not available for early adoption

Standards, interpretations and amendments to existing standards that are issued as of the reporting date but not yet effective and not early adopted by the Company for the current reporting period are as follows. If not indicated otherwise, the Company will make the necessary changes which will have an impact on the consolidated financial statements and disclosures after the new standards and interpretations come into effect.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments will be applied retrospectively for the annual periods beginning on or after 1 January 2014. These amendments are not anticipated to have a significant impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning as of or subsequent to 1 January 2015. Phase 1 of the new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Management is in the process of assessing the impact of the amendment on the Company’s financial position and performance.

TFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. This interpretation does not apply for the Company and has no effect on its financial position or performance.

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

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

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. This amendment will have no impact on the financial position or performance of the Company.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Management does not expect the standard to have a significant impact on the Company's financial position or performance.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Management does not expect that this amendment will have any impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Hedge Accounting and Amendments to IFRS 9, IFRS 7, and IAS 39– IFRS 9 (2013)

In November 2013, IASB issued the new version of IFRS 9 comprising the new hedge accounting requirements and amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Management has been evaluating the effects of this standard on the financial position and performance of the Company.

Improvements to IFRS

In December 2013, IASB issued Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective 1 July 2014.

Annual Improvements - *2010–2012 Cycle*
IFRS 2 Share-based Payment:
Definitions relating to vesting conditions have been amended. Performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

IFRS 3 Business Combinations
Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments
Amendments: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendment is effective retrospectively.

IFRS 13 Fair Value Measurement
The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value; or ii) Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

IAS 24 Related Party Disclosures
The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements - *2011-2013 Cycle*
IFRS 3 Business Combinations
The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement
The amendment clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property
The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively. These amendments are not anticipated to have a significant impact on the financial position or performance of the Company.

2. Presentation of the Financial Statements (continued)

(ix) The new standards, amendments and interpretations (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows (continued):

IFRS 14 – Interim Standard on Regulatory Deferral Accounts
IASB issued this standard in January 2014. IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account for 'regulatory deferral account balances' in accordance with its previous GAAP both on initial adoption of IFRS and in subsequent financial statements. IFRS 14 cannot be adopted by entities that are currently preparing their financial statements under IFRS. The standard is effective for an entity's first annual IFRS financial statements that are for a period beginning on or after 1 January 2016. IFRS 14 does not apply for the Company and will not have a significant impact on its financial position or performance.

Resolutions promulgated by the Public Oversight Authority
In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. "The financial statement examples and user guide" became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after 31 December 2012.

2013-1 Financial Statement Examples and User Guide
The POA promulgated "financial statement examples and user guide" on May 20, 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. The Company has made the related classifications stated in Note 2.2 in order to comply with the requirements of this regulation.

2013-2 Accounting of Combinations under Common Control
In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occured. These resolutions do not have an impact on the financial statements of the Company.

2013-3 Accounting of Redeemed Share Certificates
Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. These resolutions do not have an impact on the financial statements of the Company.

2013-4 Accounting of Cross Shareholding Investments
If a subsidiary of an entity holds shares of the entity, this is defined as cross shareholding investment. Accounting of such cross investment is assessed based on the type of the investment and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.
i) the subsidiary holding the equity based financial instruments of the parent,
ii) the associates or joint ventures holding the equity based financial instruments of the parent,
iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 39 and TFRS 9 by the parent.

These resolutions are not expected to have an impact on the financial statements of the Company.

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods:

Financial instruments:

Financial instruments consist of the financial assets and liabilities stated below:

i. Cash and cash equivalents

Cash and cash equivalents consist of cash balances on hand, cheques matured at the year-end, cash at banks, and bank deposits with maturities less than 3 months. Acquisition costs and accrued interests of cash and cash equivalents are stated together in a lump sum figure.

Cash is composed of Turkish Lira and foreign currency balances. Turkish Lira balances are stated at their face values and the foreign currency balances are translated to Turkish Lira at the foreign exchange rate issued by the Turkish Central Bank at the reporting date.

Bank accounts consist of demand deposit and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at their carrying values and foreign currency accounts are translated into Turkish Lira at the foreign exchange rate issued by the Central Bank at the reporting date.

Cheques received are stated among trade receivables with maturities exceeding the reporting period and they are subject to rediscount in the reporting period.

Fair Value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates of the reporting date, it is assumed that the fair values of these assets approximate their book values.

As the recorded values of cash and banks are converted into cash in very short terms, and there is no risk of impairment, their book values are assumed to approximate their fair values.

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Financial instruments (continued):

ii. Trade receivables

The notes and post-dated cheques classified among trade receivables are recognized at their carrying values after provisions for doubtful trade receivables are netted from the invoice total and they are carried at their net values discounted by the effective interest rates. Provision is made for doubtful receivables if there is clear evidence that the due receivables will not be collectible. The receivables deemed uncollectible are deleted from the records. Provision is the amount estimated by the management to provide for the potential losses that may arise from economic conditions or from the risk attributed to the account.

Fair value

Discounted trade receivables for which provisions for doubtful receivables are accrued are assumed to approximate the fair values of these assets.

iii. Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. Presentation of the Financial Statements (continued**)**

(x) Summary of significant accounting policies and valuation methods (continued):

Financial instruments (continued):

iii. Related parties (continued)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. In the financial statements, the Company's shareholders, companies owned by these shareholders, their executive staff and other groups known to be related are defined as related parties.

Fair value

The carrying values of balances due to and from related parties are assumed to approximate the fair values of these assets and liabilities.

iv. Short and long term bank loans and trade payables:

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the reporting date, discounted by the effective interest method.

Trade payables, other payables, and post dated cheques given which are recognized in trade payables are stated at their discounted cost values representing the fair value of future billed and unbilled amounts to arise from acquisition of goods and services.

Fair value

The fair values of short and long term bank loans are assumed to be equivalent to the recorded values computed by adding on the cost of these debts the accrued interest liabilities calculated at the effective interest rate as of the reporting dates. Similarly, discounted cost values of trade payables are considered to be equivalent to their fair values.

Inventories:

Inventories are stated at the lower of cost or net realizable value. Expenditures made to bring inventory to its current status are accounted for as follows:

The costs of raw materials and supplies are determined by weighted average cost method. The costs of finished and semi-finished goods are determined by weighted average cost method with the addition at certain rates of direct material and labor expenses as well as variable and fixed overhead. Net realizable value is the estimated selling price of an asset less the predictable costs of disposal.

Tangible assets:

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Acquisitions subsequent to 1 January 2005 are stated at their nominal values. Depreciation of tangible assets is made by straight-line method over the inflation-adjusted amounts and the nominal values of acquisitions subsequent to 1 January 2005 based on the economic useful lives of assets.

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

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Tangible assets (continued):

Tangible assets other than land, land improvements and buildings are stated at cost less accumulated depreciation and provision for impairment, if any. Land, land improvements and buildings are stated at their market value less accumulated depreciation. The difference between the cost value and the market value is followed up in the "Fixed Assets Revaluation Fund" account under equity together with its deferred tax effect. Fair value study was made on June 14, 2012 by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. licensed by the Capital Market Board. The fair values of the lands, land improvements and buildings have been determined according to market prices.

Furthermore, the difference between the depreciation based on the restated carrying value of the asset and the depreciation based on the acquisition value of the asset is transferred annually during the course of utilization from the fixed assets revaluation fund account to the retained earnings account.

Tangible assets are subject to depreciation at their cost values in accordance with the straight line method based on their economic lives.

The depreciation periods used in prior periods and as of the reporting date are as follows:

	31 December 2013	31 December 2012
	Period (Years)	Period (Years)
Land improvements	**2-40**	2-40
Buildings	**10-40**	10-40
Furniture and fixtures	**3-10**	3-10
Machinery and equipment	**5-25**	5-25
Motor vehicles	**4-8**	4-8

The cost value of a tangible asset comprises its acquisition price, import taxes, non-returnable taxes, and expenditures to ready the tangible asset for use. The expenses arising after the tangible assets start being used, i.e., maintenance and repair costs, are expensed in the period they are constituted. If expenditures provide economic benefit for future use of the related tangible assets, they are added onto the cost of the asset and depreciated for the remaining part of its economic life.

Intangible Assets:

Intangible assets are stated at their cost values less accumulated amortisation and impairment losses, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to January 1, 2005 are stated at their nominal values. Intangible assets are amortized over their inflaton-adjusted values and the nominal values of additions subsequent to 1 January 2005, as per their useful lives.

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

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Intangible Assets (continued):

Intangible assets mainly consist of outsourced licences, trademarks, industrial software, dealer list, software licence right, and other rights and they are capitalized over the market value determined during the trade operations as per the IFRS 3 "Business Combinations". The positive goodwill arising as a result of the establisment of the related business combination as well as the trademarks, and outsourced licences are not subject to amortisation as their economic lives cannot be estimated; however, the impairment losses in the carrying value, if any, are reviewed each year.

Other intangible assets are software licensing right and other rights which are amortized by straight-line method over an expected economical life of 3-20 years. The carrying values of these intangible assets are analyzed for impairment if and when the conditions change.

Non-current assets held for sale:

The non-current assets held for sale represent real estate obtained from debtors in default to cover their liabilities to the Company. These assets are carried at the lower of carrying amount stated in the Company records and their market values assigned to title deeds. When the right of use of an asset is obtained by court decision or by the consent of the customer, the related total of doubtful trade receivables are set off from the value determined in expertise reports and classified under the non-current assets held for sale account. The difference between the fair value of the asset and the amount of trade receivable is recognized in the statement of income. The Company does not provide for depreciation of these assets unless they are used in the operations of the Company. When the assets are sold, the difference between the sales income and the carrying value of the asset is recognized in the profit or loss and other comprehensive income.

Assets and liabilities in foreign currency:

Assets and liabilities in foreign currency are translated into Turkish Lira at the foreign currency rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses arising from these transactions are included in the statement of comprehensive income.

Exchange rates used at the reporting dates are as follows:

Date	TL / USD	TL / Euro	TL / AUD
Buying rate of exchange			
31 December 2013	**2,1343**	**2,9365**	**1,8886**
31 December 2012	1,7826	2,3517	1,8477

Impairment of assets:

In case the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and it is recorded as expense in the statements of compherensive income.

On the other hand, the recoverable value of cash generating assets is the higher of their net sales price and the value in use. The value in use of the said assets is the present value of the future cash flows expected from continuous use and sale of these assets, discounted at a reasonable discounted rate.

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Impairment of assets (continued):

In the event that provisions made for impairment in the prior periods are no longer valid or higher then necessary, the excess amount is reversed and recognized in the statement of profit or loss and other comprehensive income.

However, the increase in the carrying value of the asset due to reversal of impairment provision is recognized only if it does not exceed the value of the asset where there is no impairment provision made during the prior years. The loss in carrying value arising from revaluation of fixed assets is initially stated as a liability net of the revaluation fund in equity; and if there is a remaining balance left from the total value decrease, it is stated as expense in the profit or loss and other comprehensive income.

Borrowing costs:

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs is discontinued.

Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

Income Taxes :

Under the Turkish Taxation Code, a company that has its head office or place of business in Turkey is subject to a corparate tax.

Corparate earnings are subject to corparation tax at a rate of 20%. No witholding is calculated for tax-exempt income unless distributed. Exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax witholding at a rate of 15%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distibution of profits and therefore no witholding tax is applicable to these earnings. On the other hand, no witholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

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

As of 31 December 2013 and 2012, income tax provisions have been made in accordance with the prevailing tax legislation.

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Employee benefits:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service is TL 3.254,44 as of 31 December 2013 (31 December 2012 - TL 3.033,98).

Further to the above, provision is made in the financial statements for the subcontractor's employees as per contractual requirements.

The termination indemnity liability stated in the accompanying financial statements has been determined as per the recognition and valuation principles stated in "Employee Benefits" TAS 19. As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and various other assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the current social security legislation considering their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2013, the termination indemnity upper limit, to remain constant for restatement purposes, and this value is reduced by the actual discount rate of 3,49% (31 December 2012 – 3,62%) calculated based upon the assumption that the expected annual inflation rate will be 6% (31 December 2012 – 5,1%) and the expected discount rate will be 9,7% (31 December 2012 – 8,9%) which represents the proposed average interest rate per annum of the government bonds in order to determine the current net value of the determination indemnity liability at the reporting date.

Revenue and expenses:

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Interest revenue accrual is calculated over the effective interest rate. In the event that there is unpaid interest accrual before acquisition of a marketable security bearing interest, the interest collected subsequently is allocated to periods before and after acquisition, and only the part that relates to the period after acquisition is recognized as income in the financial statements.

Dividend income is recognized when the right to receive the dividend is established.

Revenue:

Revenue is measured at the fair value of the consideration received or to be received.

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

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Financial derivatives:

The Company makes forward exchange contracts. The said forward contracts made for hedging purposes as per the Company's risk management policies are not deemed sufficient for hedge accounting in accordance with the TAS 39 (Financial Instruments: Recognition and Measurement); hence, they are defined as "held for trading" and stated in the financial statements in the other short term financial liabilities and assets at their market values while the changes in market values are reflected to the statement of profit or loss and other comprehensive income.

Earnings / (loss) per share:

Earnings/(loss) per share is calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the period.

Enterprises in Turkey can increase their capital through distributing bonus shares to their shareholders proportionate to their shareholding from retained earnings and differences arising from inflation adjustment in shareholder's equity. These bonus shares are regarded as issued shares in calculating earnings/(loss) per share. Hence, retroactive calculation is made to arrive at the weighted average number of shares in respect of the bonus shares.

Events after the reporting date:

When there are events after the reporting period which require adjustment, the Company adjusts the amounts stated in the financial statements in light of the prevailing conditions. When there are events after the reporting period which do not require adjustments, they are disclosed, if deemed necessary, in the related period.

Provisions, contingent assets and liabilities:

Provisions

Provisions are recognized only if there is a present obligation as a result of a post obligating event, it is probable that outflow of economic resources is required because of this obligation or the amount of obligation can be reasonably estimated.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the management.

Warranty provisions

The Company provides replacement, maintenance, and repair services at conditions that conform to certain criteria. For the said commitment, the Company makes a provision of 2/1000 of its annual sales based on past experience.

Contingent liabilities and assets

The contingent liabilities are not recognized but disclosed unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable.

2. Presentation of the Financial Statements (continued)

(x) Summary of significant accounting policies and valuation methods (continued):

Leases:

Financial lease

Finance leases transferring all risks and rewards of ownership of the leased asset are recorded at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability (the finance charge is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability). Financing expenses are recognised directly in the profit or loss and other comprehensive income. Capitalized leased assets are subject to depreciation over the expected useful life of the asset.

Operating lease

Leases where the lessee retains all risks and rewards of ownership are classified as operating leases. Operating lease payments are stated as expense in the statement of income throughout the lease period on straight-line basis.

Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-makers of the Company are identified as the General Manager and the Board of Directors.

For making strategic decisions for allocating resources and assessing the performance of operating segments, the chief operating decision-maker analizes the results and operations based on customer groups carrying various risks and benefits. The breakdown of the Company's customer groups is as follows: Domestic market, exports, and other. Some assets, liabilities, income and expense items are managed centrally and therefore they are not included in the segment reporting.

Business combinations:

As of 21 October 2004, the Company acquired from Pilsa A.Ş. (Pilsa) the operations realized under the trade name of "Winsa". The Company recognized the identifiable assets and liabilities acquired as per the TFRS 3 "Business Combinations" at fair value on 1 December 2004 which is the effective date of the contract; and the difference between the acquisition cost and the fair values of the identifiable assets and liabilities net of deferred tax effect are recognized as goodwill in the legal books.

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

3. Segment Reporting

Segment reporting for the period ended 31 December 2013 is as follows (TL):

	Domestic market*	Export market**	Common***	Total
Revenue	**277.996.792**	**38.782.826**	**-**	**316.779.618**
Finished goods	245.197.943	32.201.001	-	277.398.944
Trade goods	30.127.652	6.065.772	-	36.193.424
Other	2.671.197	516.053	-	3.187.250
Cost of sales (-)	**(202.512.192)**	**(26.524.870)**	**-**	**(229.037.062)**
Finished goods	(173.483.941)	(21.298.168)	-	(194.782.109)
Trade goods	(25.644.625)	(4.555.632)	-	(30.200.257)
Other	(3.383.626)	(671.070)	-	(4.054.696)
GROSS PROFIT/LOSS	**75.484.600**	**12.257.956**		**87.742.556**
General administration expenses (-)	-	-	(16.068.286)	(16.068.286)
Marketing expenses (-)	(22.781.874)	(9.232.904)	(6.716.542)	(38.731.320)
Research & development expenses(-)	-	-	(330.968)	(330.968)
Other operating income	-	-	13.810.832	13.810.832
Other operating expenses (-)	-	(19.373)	(15.132.898)	(15.152.271)
OPERATING PROFIT/LOSS	**52.702.726**	**3.005.679**	**(24.437.862)**	**31.270.543**
Income from investing activities	-	-	-	-
Expenses related to investing activities (-)	-	-	-	-
Shares in profits and losses of investments accounted for by the equity method	**-**	**-**	**-**	**-**
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	**52.702.726**	**3.005.679**	**(24.437.862)**	**31.270.543**
Financial income	-	-	1.368.469	1.368.469
Financial expenses (-)	-	-	(12.527.064)	(12.527.064)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**52.702.726**	**3.005.679**	**(35.596.457)**	**20.111.948**
Tax expense/income from continuing operations	**-**	**-**	**(4.417.937)**	**(4.417.937)**
Tax expense (-)/income for the period	-	-	(3.895.092)	(3.895.092)
Deferred tax expense (-)/income	-	-	(522.845)	(522.845)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**52.702.726**	**3.005.679**	**(40.014.394)**	**15.694.011**
PROFIT/LOSS FOR THE PERIOD	**52.702.726**	**3.005.679**	**(40.014.394)**	**15.694.011**

(*) Turkey
(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries
(***) Unallocated income/expense

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

3. Segment Reporting (continued)

Segment reporting for the period ended 31 December 2012 is as follows (TL):

	Domestic market*	Export market**	Common***	Total
Revenue	**260.600.067**	**35.191.076**	**-**	**295.791.143**
Finished goods	230.972.980	29.692.458	-	260.665.438
Trade goods	28.178.032	4.336.022	-	32.514.054
Other	1.449.055	1.162.596	-	2.611.651
Cost of sales (-)	**(189.096.257)**	**(26.523.089)**	**-**	**(215.619.346)**
Finished goods	(162.945.893)	(22.176.038)	-	(185.121.931)
Trade goods	(23.921.925)	(3.215.213)	-	(27.137.138)
Other	(2.228.439)	(1.131.838)	-	(3.360.277)
GROSS PROFIT/LOSS	**71.503.810**	**8.667.987**		**80.171.797**
General administration expenses (-)	-	-	(16.064.070)	(16.064.070)
Marketing expenses (-)	(20.661.148)	(5.017.043)	(6.161.802)	(31.839.993)
Research & development expenses(-)	-	-	(265.941)	(265.941)
Other operating income	-	-	9.112.177	9.112.177
Other operating expenses (-)	-	-	(7.308.614)	(7.308.614)
OPERATING PROFIT/LOSS	**50.842.662**	**3.650.944**	**(20.688.250)**	**33.805.356**
Income from investing activities	-	-	-	-
Expenses related to investing activities (-)	-	-	-	-
Shares in profits and losses of investments accounted for by the equity method	-	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	**50.842.662**	**3.650.944**	**(20.688.250)**	**33.805.356**
Financial income	-	-	3.293.644	3.293.644
Financial expenses (-)	-	-	(12.026.032)	(12.026.032)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**50.842.662**	**3.650.944**	**(29.420.638)**	**25.072.968**
Tax expense/income from continuing operations	**-**	**-**	**(5.026.753)**	**(5.026.753)**
Tax expense (-)/income for the period	-	-	(4.402.538)	(4.402.538)
Deferred tax expense (-)/income	-	-	(624.215)	(624.215)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**50.842.662**	**3.650.944**	**(34.447.391)**	**20.046.215**
PROFIT/LOSS FOR THE PERIOD	**50.842.662**	**3.650.944**	**(34.447.391)**	**20.046.215**

(*) Turkey
(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries
(***) Unallocated income/expense

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

4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TL) :

	31 December 2013	31 December 2012
Cash	**4.781**	6.377
Banks		
- TL demand deposit	**260.160**	378.638
- Foreign currency demand deposit	**598.556**	507.358
- TL time deposit *	**26.966.000**	23.620.000
- Foreign currency time deposit **	**7.293.501**	1.547.789
Cheques received	**3.134.106**	7.279.399
	38.257.104	33.339.561

(*) As of 31 December 2013, the interest rate on TL time deposits is 8,60% (31 December 2012 – 8,25% and 8,15%) and the maturity date is 2 December 2014.
(**) As of 31 December 2013, the interest rates on foreign currency time deposits are 1,5% and 0,10% (31 December 2012 – 0,1% and 2%) and the maturity date is 2 December 2014.

The Company has no blocked cash and cash equivalents as of 31 December 2013 and 31 December 2012.

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

5. Financial Liabilities

Short term bank borrowings are as follows (TL):

	31 December 2013			31 December 2012		
	Amount in foreign currency	**TL equivalent**	**Interest rate (%)**	Amount in foreign currency	TL equivalent	Interest rate(%)
Short term bank borrowings		***10.887.421***			*27.722.201*	
TL loans (without interest)		**507.059**			361.239	
TL loans		**10.000.000**	**(*) 10,35**		-	
TL loans		**-**			20.000.000	(*) 7,60 - 14,00
TL loans		**-**			5.000.000	(***) 13,75
USD loans		**-**			-	
Interest accrued on short term loans		**380.362**			2.360.962	
Current portion of long term bank borrowing		***17.619.857***			*25.803.913*	
TL loans		**7.666.667**	**(*) 11,00-6,25**		3.333.333	(***) 13,00
TL loans		**8.000.000**	**(***)10,50**		4.000.000	(**) 10,50
Euro loans		**-**			17.872.920	(*) 4,10
Interest accrued on current portion of long term loans		**1.953.190**			597.660	
		28.507.278			53.526.114	

(*) Interest payable at the end of the period; fixed interest rate.
(**) Interest payable every three months; fixed interest rate.
(***) Interest payable every six months; fixed interest rate.

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

5. Financial Liabilities (continued)

Long term bank borrowings are as follows (TL):

	31 December 2013			31 December 2012		
	Amount in original currency	**TL equivalent**	**Interest rate (%)**	**Amount in original currency**	**TL equivalent**	**Interest rate (%)**
Euro loans	**9.000.000**	**26.428.500**	**(*) 3,65**		-	
TL loans		**8.000.000**	**(***) 10,50**		16.000.000	(**) 10,50
TL loans		**15.000.000**	**(*) 8,00**		6.666.667	(***) 13,00
TL loans		**9.000.000**	**(**) 6,25**			
Current period instalments (-)					-	
		57.428.500			22.666.667	

(*) Interest payable at the end of the period; fixed interest rate.
(**) Interest payable every three months; fixed interest rate.
(***) Interest payable every six months; fixed interest rate.

There is no guarantee given for the borrowings received by the Company as of 31 December 2013 and 31 December 2012.

The repayment schedule of long term bank borrowings as of 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013	31 December 2012
Less than 1 year	**17.619.857**	25.803.913
1-3 years (*)	**57.428.500**	22.666.667
Short term portion of long term borrowings (-)	**(17.619.857)**	(25.803.913)
Total long term financial liabilities	**57.428.500**	22.666.667

(*) The loan amounting to TL 57.428.500 stated among long term loans as of 31 December 2013 matures in 1 – 3 years (31 December 2012 – The loan of TL 22.666.667 matures in 1-3 years).

6. Other Financial Liabilities

Other short term financial liabilities are as follows (TL):

	31 December 2013	31 December 2012
Current value of forward exchange contracts (*)	**14.500**	50.840
	14.500	50.840

(*) The Company has made forward exchange contracts during the period for hedging risks that may arise upon foreign currency fluctuations.

As of 31 December 2013, the total nominal value of the outstanding forward exchange and option contracts is USD 6.500.000 (31 December 2012 – USD 6.495.000) and AUD 1.000.000. In relation to these outstanding forward exchange contracts of the Parent Company, liabilities amounting to a total of TL 14.500 carried at the current value (31 December 2012 – TL 50.840) is stated under the "other financial liabilities" account and assets amounting to a total of TL 122.450 is stated in the "other current assets" account in the financial statements.

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

6. Other Financial Liabilities (continued)

Base currency	Nominal value	Maturity	Forward exchange rate
USD	3.500.000	22.01.2014	2,0948
USD	3.000.000	31.01.2014	2,1343
Total	**6.500.000**		
AUD	1.000.000	31.01.2014	1,8915
Total	**1.000.000**		

7. Trade Receivables and Payables

Short term trade receivables consist of the following (TL):

	31 December 2013	31 December 2012
Trade receivables from related parties	**8.881.177**	8.980.288
	8.881.177	8.980.288
Trade receivables	**18.591.940**	5.595.686
Post-dated cheques and notes receivable	**147.725.591**	161.173.813
Rediscount on trade receivables (-)	**(64.657)**	(39.598)
Rediscount on notes receivable (-)	**(1.265.281)**	(923.683)
Rediscount on post-dated cheques (-)	**(2.010.913)**	(1.463.889)
Doubtful receivables	**26.550.749**	25.070.714
Provision for doubtful receivables (-)	**(25.866.204)**	(16.642.679)
	163.661.225	172.770.364
	172.542.402	181.750.652

In calculating the discounted cost value for trade receivables, the effective interest rate for TL is 11,43% (31 December 2012 - 6,87%); Libor and Euribor are used for USD and EUR, respectively.

Average maturity of trade receivables is 97 days (31 December 2012 – 104 days).

As of 31 December 2013 and 31 December 2012, changes in provision for doubtful trade receivables are set out in the table below (TL):

	31 December 2013	31 December 2012
Opening balance	**16.642.679**	13.324.291
Provisions no longer required	**(965.257)**	(2.104.884)
Current period provision expense	**10.188.782**	5.423.272
	25.866.204	16.642.679

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

7. Trade Receivables and Payables (continued)

As of 31 December 2013 and 2012, overdue trade receivables for which no provision is made (including balances due from related parties) consist of the following. As of 31 December 2013 and 2012, the collaterals received from related entities cover the uncollected receivables; hence no additional provision has been made in relation to these amounts in the accompanying financial statements.

			Overdue receivables with no provisions made				
	Total	**Outstanding receivables**	**30 days past due**	**30-60 days**	**60-90 days**	**90-180 days**	**180 days**
31 December 2013	**172.542.402**	**160.704.653**	**535.865**	**1.147.447**	**1.062.971**	**1.601.037**	**7.490.429**
31 December 2012	181.750.652	172.265.747	349.681	1.424.842	488.372	5.091.685	2.130.325

As of 31 December 2013, the Company has guarantee letters, guarantee notes and mortgages in the amount of TL 36.895.163, TL 5.513.203, and TL 119.498.959, respectively, obtained against receivables (31 December 2012 – Guarantee letters: TL 13.794.837, Guarantee notes: TL 10.562.821, Mortgages: TL 121.087.004) (Note 15).

Trade payables consist of the following (TL):

	31 December 2013	31 December 2012
Trade payables to related parties	**1.047.233**	1.000.368
	1.047.233	1.000.368
Trade payables	**38.415.217**	15.878.608
Notes payable	**17.285.440**	29.935.113
Rediscount on trade payables (-)	**(93.410)**	(128.104)
Rediscount on notes payable (-)	**(184.213)**	(503.260)
	55.423.034	45.182.357
	56.470.267	46.182.725

In calculating the discounted cost value for trade payables, the effective interest rate for TL is 11,43% (31 December 2012 - 6,87%; Libor and Euribor are used for USD and EUR, respectively.

Average maturity of trade payables is 87 days (31 December 2012 - 88 days).

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

8. Other Receivables and Payables

Short term other receivables consist of the following (TL) :

	31 December 2013	31 December 2012
Other miscellaneous receivables	**-**	252.860
Deposits and guarantees given	**154.054**	149.698
Due from personnel	**4.703**	7.184
(Note 29 (iv))	**158.757**	409.742

Long term other receivables consist of the following (TL) :

	31 December 2013	31 December 2012
Deposits and guarantees given	**247.102**	159.079
(Note 29 (iv))	**247.102**	159.079

9. Inventories

Inventories consist of the following (TL):

	31 December 2013	31 December 2012
Raw materials	**6.329.656**	5.669.260
Semi-finished goods	**3.316.311**	2.166.838
Finished goods	**15.139.185**	11.289.716
Trade goods	**9.112.442**	3.186.758
Provision for inventory (-)	**(729.440)**	(678.743)
	33.168.154	21.633.829

Changes in inventory provision as at 31 December 2013 and 2012 are as follows (TL) :

	31 December 2013	31 December 2012
Opening balance	**678.743**	595.507
Increase / (decrease) during the period	**50.697**	83.236
Closing balance	**729.440**	678.743

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

10. Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income consist of the following (TL):

	31 December 2013	31 December 2012
Short term prepaid expenses:		
- Advances given	**7.407.363**	2.277.122
- Expenses related to future months	**327.663**	315.546
	7.735.026	2.592.668

Long term prepaid expenses:

	31 December 2013	31 December 2012
- Advances given	**41.473**	196.687
- Expenses related to future months	**4.587**	1.453
	46.060	198.140

Deferred Income

	31 December 2013	31 December 2012
- Order advances received	**34.576.258**	37.775.162
	34.576.258	37.775.162

11. Current Tax Assets

As of 31 December 2013 and 2012, current tax assets consist of the following (TL):

	31 December 2013	31 December 2012
- Prepaid taxes and funds	**1.779.435**	-
	1.779.435	-

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

12. Tangible Assets

As of 31 December 2013, tangible assets consist of the following (TL):

Cost	Opening 01 January 2013	Additions	Transfers	Disposals	Closing 31 December 2013
Land	18.740.342	-	-	-	18.740.342
Land improvements	1.219.327	-	38.425	-	1.257.752
Buildings	28.330.757	-	2.607.368	-	30.938.125
Machinery and equipment	99.812.083	-	10.273.158	(71.098)	110.014.143
Motor vehicles	292.751	-	79.271	(59.952)	312.070
Furniture and fixtures	8.137.804	-	408.844	-	8.546.650
Investments in progress	4.528.293	17.087.011	(13.407.066)	-	8.208.238
Sub total	161.061.357	17.087.011	-	(131.050)	178.017.320
Accumulated depreciation (-)					
Land	-	-	-	-	-
Land improvements	(379.700)	(88.391)	-	-	(468.091)
Buildings	(6.279.280)	(903.984)	-	-	(7.183.264)
Machinery and equipment	(63.740.767)	(6.252.385)	-	38.315	(69.954.837)
Motor vehicles	(288.258)	(14.986)	-	59.952	(243.292)
Furniture and fixtures	(7.208.539)	(362.087)	-	-	(7.570.626)
Sub total	(77.896.544)	(7.621.833)	-	98.267	(85.420.110)
Net value	83.164.813	9.465.178	-	(32.783)	92.597.210

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

12. Tangible Assets (continued)

As of 31 December 2012, tangible assets consist of the following (TL):

Cost	Opening 1 January 2012	Additions	Transfers	Disposals	Revaluation value increase	Closing 31 December 2012
Land	7.686.339	-	-	-	11.054.003	18.740.342
Land improvements	1.104.674	-	68.581	-	46.072	1.219.327
Buildings	25.215.048	-	11.500	(8.000)	3.112.209	28.330.757
Machinery and equipment	90.883.483	-	10.499.505	(1.570.905)	-	99.812.083
Motor vehicles	292.751	-	-	-	-	292.751
Furniture and fixtures	7.998.879	-	138.925	-	-	8.137.804
Investments in progress	3.631.200	11.615.604	(10.718.511)	-	-	4.528.293
Sub total	136.812.374	11.615.604	-	(1.578.905)	14.212.284	161.061.357
Accumulated depreciation (-)						
Land	-	-	-	-	-	-
Land improvements	(309.094)	(70.606)	-	-	-	(379.700)
Buildings	(5.443.047)	(839.608)	-	3.375	-	(6.279.280)
Motor vehicles	(59.009.646)	(6.086.364)	-	1.355.243	-	(63.740.767)
Furniture and fixtures	(280.337)	(7.921)	-	-	-	(288.258)
Investments in progress	(6.792.421)	(416.118)	-	-	-	(7.208.539)
Sub total	(71.834.545)	(7.420.617)	-	1.358.618	-	(77.896.544)
Net value	64.977.829	4.194.987	-	(220.287)	14.212.284	83.164.813

The Parent Company recognized its land, land improvements and buildings at their fair values. The land and buildings owned by the Parent Company were subject to revaluation for the first time in 2002 by Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi and the difference between the fair value and the carrying value was recognized in the financial statements. Subsequently, Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi performed another revaluation study in 2008. As per the report prepared on the second study dated 26 December 2008, the difference observed between the fair value and the carrying value of the assets was considered immaterial; hence the Parent Company did not recognize this difference in the financial statements.

For the purpose of determining any change that might have occurred in the fair values of the Parent Company's land, land improvements, and buildings, the Management delegated to a valuation company licensed by the Capital Markets Board, namely, Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş a valuation study to be performed. As a result of this study, the difference observed between the fair values and the carrying values of the assets as stated in the valuation report was recognized by the Parent Company in the financial statements. The fair values of land, land improvements and buildings were determined according to their market values. The revaluation of the said tangible assets was made at the market value in use.

In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis.

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

13. Intangible Assets

As of 31 December 2013, intangible assets consist of the following (TL):

Cost ;	Opening 1 January 2013	Additions	Disposals	Closing 31 December 2013
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	703.642	1.118	-	704.760
Sub total	7.896.651	1.118	-	7.897.769
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(824.406)	(85.283)	-	(909.689)
Rights and other	(748.946)	(43.605)	-	(792.551)
Sub total	(1.644.997)	(128.888)	-	(1.773.885)
Net Book Value	6.251.654	(127.770)	-	6.123.884

As of 31 December 2012, intangible assets consist of the following (TL):

Cost ;	Opening 1 January 2012	Additions	Disposals	Closing 31 December 2012
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	703.642	-	-	703.642
Sub total	7.896.651	-	-	7.896.651
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(795.978)	(28.428)	-	(824.406)
Rights and other	(648.348)	(100.598)	-	(748.946)
Sub total	(1.515.971)	(129.026)	-	(1.644.997)
Net Book Value	6.380.680	(129.026)	-	6.251.654

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

14. Goodwill

As of 31 December 2013 and 2012, goodwill consists of the following (TL) :

Transaction date	**31 December 2013**	31 December 2012
21 October 2004	**655.882**	655.882
	655.882	655.882

On 21 October 2004, the operations realized under the trademark “Winsa” were acquired by the Parent Company from Pilsa A.Ş. Pursuant to the IFRS 3 “Business Combinations”, the Parent Company has recognized at fair value on the effective date of agreement (1 December 2004) the identifiable assets and liabilities transferred within the scope of the acquisition, and the difference between the acquisition cost and the fair value of the identifiable assets and liabilities less deferred tax effect, was recognized as goodwill in the financial records.

As of 31 December 2013 and 31 December 2012, the positive goodwill amount is TL 655.882.

15. Provisions, Contingent Assets and Liabilities

As of 31 December 2013 and 2012, short term other provisions consist of the following (TL):

	31 December 2013	31 December 2012
Warranty provision	**648.344**	590.513
Provision for litigation	**203.246**	310.670
Provision for tax penalty (*)	**536.260**	536.260
	1.387.850	1.437.443

(*) In accordance with tax inspection reports issued by the Ministry of Finance Revenue Administration within the scope of tax inspection for 2007, tax penalty notifications issued were communicated to the Company within 2011. Accordingly, the Company was imposed with principal tax and tax loss penalty communicated on 2 April 2012 amounting to a total of TL 3.605.914. The Company initiated a tax case at Izmir 4th Tax Court against tax penalty on 30 April 2012. As a result of the first hearing held on 6 December 2012, a portion of TL 2.358.150 out of the tax penalties communicated to the Parent Company was reversed by the court. The date of the next hearing to be held for the balancing amount is not yet communicated to the Parent Company. Considering the current legal position and related evidence, the Management believes that the litigation process will be finalized in favor of the Parent Company. The Parent Company has made a provision of TL 536.260 in the accompanying financial statements as of 31 December 2013 and 31 December 2012 as a matter of prudence.

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

15. Provisions, Contingent Assets and Liabilities (continued)

As of 31 December 2013 and 2012, guarantees, pledges and mortgages given/received by the Parent Company and its Subsidiary consist of the following (TL):

	31 December 2013		31 December 2012	
	TL equivalent	**Foreign currency**	TL equivalent	Foreign currency
Guarantee letters received				
Euro	**14.741.302**	**5.020.025**	5.138.522	2.185.025
USD	**2.635.861**	**1.235.000**	463.476	260.000
TL	**19.518.000**		8.192.839	
	36.895.163		13.794.837	
Guarantee notes received				
Euro	**88.095**	**30.000**	305.721	130.000
USD	**1.484.573**	**695.578**	1.239.938	695.578
TL	**3.940.535**		9.017.162	
	5.513.203		10.562.821	
Mortgages received				
Euro	**160.459**	**54.643**	128.504	54.643
TL	**119.338.500**	**119.238.500**	120.958.500	120
	119.498.959		121.087.004	
Total guarantees and mortgages received	**161.907.325**		145.444.662	
Guarantees given				
Euro	**32.261**	**190.000**	834.701	354.935
USD	**22.712.213**	**60.000**	2.432.907	1.364.808
AUD	**2.371.382**	**7.193.282**	31.562	17.082
TL	**5.237.725**		37.670.084	
	30.353.581		40.969.254	
Total guarantees given	**30.353.581**		40.969.254	

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

15. Provisions, Contingent Assets and Liabilities (continued)

As of 31 December 2013 and 2012, charts for guarantee, pledge and mortgage position of the Parent Company and its Subsidiary are as follows:

Guarantees, pledges and mortgages given by the Company	**31 December 2013**	31 December 2012
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	**30.353.581**	40.969.254
b. Total amount of guarantees, pledges and mortgages given in favor of the parties included in the full consolidation	**-**	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	**-**	-
d. Total amount of other guarantees, pledges and mortgages	**-**	-
Total	**30.353.581**	40.969.254

As of 31 December 2013 and 31 December 2012, the Parent Company and its subsidiary have no guarantees, pledges or mortgages received from or given to related parties.

As of 31 December 2013, the other guarantees, pledges and mortgages given by the Parent Company and its subsidiary are equivalent to 0% of their equity (31 December 2012 – 0%).

16. Commitments

a) The export commitments of the Parent Company and its Subsidiary are as follows:

The Parent Company and its subsidiary have export commitments in the amount of EUR 3.600.000 in relation to export incentives received on 31 December 2013 (31 December 2012 – EUR 8.250.000 and USD 8.692.583).

b) The transactions made by the Parent Company and its Subsidiary in relation to operating leases are as follows:

The operating leases of the Parent Company and its Subsidiary amounting to EUR 790.253, USD 3.287.683 and TL 3.089.770 in total (31 December 2012 – Euro 1.526.713, USD 2.657.683 and TL 2.139.930) consist of cars, forklifts, and warehouse rentals; and their maturities vary between 1-6 years. The portions of EUR 576.175, USD 892.500, and TL 845.253 of these amounts will mature in 1- 2 years.

17. Employee Benefit Obligations and Provisions

As of 31 December 2013 and 2012, employee benefit obligations consist of the following (TL):

	31 December 2013	31 December 2012
Taxes and funds payable	**397.143**	505.293
Social security premiums payable	**323.232**	378.256
Accrued wages	**982.706**	1.034.846
	1.703.081	1.918.395

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

17. Employee Benefit Obligations and Provisions (continued)

As of 31 December 2013 and 2012, provisions for employee benefits consist of the following (TL):

Provision for unused vacation

	31 December 2013	31 December 2012
Opening balance	**696.160**	467.008
Current year provision	**(59.344)**	229.152
Closing balance	**636.816**	696.160

Provision for termination indemnity

	31 December 2013	31 December 2012
Opening balance	**2.831.587**	2.275.560
Provisions paid during the year	**(155.513)**	(289.808)
Interest cost	**274.664**	202.525
Service cost	**251.378**	230.863
Actuarial gains / (losses)	**53.049**	412.447
Closing balance	**3.255.165**	2.831.587
	3.891.981	3.527.747

18. Other Assets and Liabilities

As of 31 December 2013 and 2012, other assets and liabilities consist of the following (TL):

Other Current Assets

	31 December 2013	31 December 2012
- Turnover premium cost accrual	**1.676.760**	1.229.713
- Deductible VAT (*)	**1.661.350**	-
- Other advances	**275.580**	69.412
- Current value of forward exchange contracts	**122.450**	-
	3.736.140	1.299.125

Other Short Term Liabilities

	31 December 2013	31 December 2012
Taxes and funds payable	**2.034.347**	2.030.206
Expense provisions	**422.255**	758.394
	2.456.602	2.788.600

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

19. Equity

(a) Paid-in capital:

As of 31 December 2013 and 2012, the share capital and shareholding structure of the Company is as follows:

	31 December 2013		31 December 2012	
	TL	**Shareholding (%)**	TL	Shareholding (%)
Deceuninck	**58.100.520**	**97,54**	58.100.520	97,54
Public offering	**1.466.380**	**2,46**	1.466.380	2,46
Paid-in capital as stated in the legal books	**59.566.900**	**100,00**	59.566.900	100,00
Restatement difference	**7.840.703**		7.840.703	
	67.407.603		67.407.603	

As of 31 December 2013 and 2012, the upper limit of registered capital of the Company's is TL 120.000.000. As of 31 December 2013 and 2012, the historic value of the Company's paid-in capital is TL 59.566.900 consisting of 5.956.690.000 shares of Kr 1 nominal value each.

As of 31 December 2013 and 2012, the movement chart of the number of shares issued for the Company's share capital is as follows:

	31 December 2013		31 December 2012	
	Number of Shares	**TL**	Number of Shares	TL
January 1	**5.956.690.000**	**59.566.900**	5.956.690.000	59.566.900
Bonus issue transferred from retained earnings/prior year profits	**-**	**-**	-	-
End of period	**5.956.690.000**	**59.566.900**	5.956.690.000	59.566.900

For the purpose of spreading its financial debts to 4-5 years of maturity and increasing its share capital, Deceuninck NV, pursuant to the Share Pledge Agreement entered into on 11 September 2009, has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative, a total of 16.980.361,712 shares representing approximately 28,5063 % of the Company's total share capital at TL 0,01 nominal value each on 15 September 2009 and a total of 41.120.158,313 shares representing approximately 69,0318% of the Company's total share capital at TL 0,01 nominal value each on 16 September 2009. In total, there is a right of pledge established on approximately 97,5382% of the Company's shares in favor of Fortis Bank NV/SA.

For the purpose of obtaining a refinance loan of Euro 140.000.000, the major shareholder Deceuninck NV acting in the capacity of loan receiver has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative the entire number of its 58.100.520 shares of TL 0,01 nominal value each representing 97,5382% of the Company's share capital as per the Share Pledge Agreement signed on 16 August 2012 upon amendment dated 16 July 2012 made on the Loan Agreement dated 11 September 2009.

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

19. Equity (continued)

(b) Restricted Profit Reserves :

Restricted profit reserves consist of legal reserves. Legal reserves which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

i. First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.
ii. Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(c) Retained earnings / (Accumulated losses):

Changes in retained earnings/(accumulated losses) during the period are set out below (TL) :

	31 December 2013	31 December 2012
Retained earnings	**36.801.127**	25.813.292
TAS 19 Adjustment	**178.055**	151.961
Transfer to legal reserves	**(293.946)**	-
Fixed asset revaluation adjustment (*)	**298.398**	251.048
Dividend payment	**(5.917.804)**	-
Prior year profit / (loss)	**20.046.215**	10.762.881
Retained earnings/(accumulated losses) of the Branch (**)	**(27.986)**	-
	51.084.059	36.979.182

(*) The land and buildings owned by the Parent Company were subject to revaluation in 2002, 2008 and 2012. The revaluation of these tangible assets was made at the market value in use. The difference between their carrying values and market values are stated in fixed asset revaluation fund under capital reserves. In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis.
(**) The Company's branch in India started to operate in August 2012 and its effects were recognized in the financial statements as of 31 December 2013.

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

20. Sales and Cost of Sales

Sales consist of the following (TL):

	31 December 2013	31 December 2012
Imports	**277.996.737**	260.600.067
Exports	**38.782.881**	35.191.076
	316.779.618	295.791.143

Cost of sales consists of the following (TL):

	31 December 2013	31 December 2012
Direct raw material, semi-finished good and material expenses	**163.327.198**	149.769.005
Direct labor cost	**2.351.609**	1.909.562
Amortization and depreciation expenses	**7.312.690**	6.978.760
Other production costs	**28.369.253**	24.885.836
Total cost of production	**201.360.750**	183.543.163
Change in semi-finished goods	**(1.149.473)**	1.685.593
Beginning of the period	**2.166.838**	3.852.431
End of the period	**(3.316.311)**	(2.166.838)
Change in finished goods	**(3.849.469)**	1.258.433
Beginning of the period	**11.289.716**	12.548.149
End of the period	**(15.139.185)**	(11.289.716)
Change in trade goods	**32.675.254**	29.132.157
Beginning of the period	**3.186.758**	4.667.937
Purchases	**38.600.938**	27.650.978
End of the period	**(9.112.442)**	(3.186.758)
	229.037.062	215.619.346

21. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses

Research and development expenses; marketing, sales and distribution expenses; general administration expenses are as follows (TL) :

Research and Development Expenses:

	31 December 2013	31 December 2012
Personnel expenses	**304.018**	248.896
Other	**26.950**	17.045
	330.968	265.941

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

21. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses (continued)

Research and development expenses; marketing, sales and distribution expenses; general administration expenses are as follows (TL) :

Marketing, sales and distribution expenses :

	31 December 2013	31 December 2012
Personnel expenses	**12.350.598**	10.623.278
Customs and transportation expenses	**10.908.706**	7.900.808
Advertisement expenses	**3.444.127**	4.098.683
Exposition, exhibition and showroom expenses	**752.375**	662.785
Rental fees	**3.321.838**	2.596.304
Dealer promotion and meeting expenses	**3.328.502**	2.339.227
Sales premiums and commissions	**466.311**	249.579
Depreciation and amortization expenses	**139.927**	165.127
Other	**4.018.936**	3.204.202
	38.731.320	31.839.993

General administration expenses:

	31 December 2013	31 December 2012
Personnel expenses	5.997.415	5.656.359
Consultancy services	5.089.316	4.217.889
Provision for doubtful receivables, net	2.033.085	3.318.387
Taxes and similar expenses	659.914	248.162
Depreciation and amortization expenses	298.105	405.757
Communication expenses	131.489	153.467
Insurance expenses	397.443	373.871
Termination indemnity and unused vacation expenses	36.521	170.206
Other	1.424.998	1.519.972
	16.068.286	**16.064.070**

22. Other Operating Income/Expenses

Income and expenses from other operating activities consist of the following (TL):

Other operating income

	31 December 2013	31 December 2012
Foreign exchange gains	8.478.100	5.548.178
Interest income	2.893.329	2.882.481
Forward earnings	1.387.892	-
Profit from sales of fixed assets	116.470	54.154
Insurance damage income	170.530	40.653
Other	764.511	586.711
	13.810.832	**9.112.177**

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

22. Other Operating Income/Expenses (continued)

Income and expenses from other operating activities consist of the following (continued):

Other operating expenses

	31 December 2013	31 December 2012
Foreign exchange gains	5.692.861	5.943.819
Waived receivables (*)	7.692.117	4
Leasehold improvements expense	-	181.889
Interest expense	1.411	57.572
Losses from sales of fixed assests	42.375	41.220
Inventory shortages	274.664	202.525
Forward losses	851.258	266.100
Special transaction tax	37.144	35.146
Other expenses	560.441	580.339
	15.152.271	**7.308.614**

(*) Receivables that are determined as uncollectible upon legal proceedings started by the Company against customers in default have started to be followed up as waived receivables under operating expenses.

23. Expenses by Nature

Depreciation and Amortization Expenses

	31 December 2013	31 December 2012
Production cost	**7.312.689**	6.978.759
General administration expenses	**298.105**	405.757
Marketing and sales expenses	**139.927**	165.127
	7.750.721	7.549.643

	31 December 2013	31 December 2012
Depreciation	**7.621.833**	7.420.617
Amortization	**128.888**	129.026
	7.750.721	7.549.643

Employee Benefits

	31 December 2013	31 December 2012
Wages and salaries	**25.097.949**	22.613.054
Social security premium expenses-employer's share	**2.055.521**	1.942.086
Other social expenses	**6.353.045**	5.755.361
Provisions for termination indemnity and unused leaves, net	**311.185**	170.206
	33.817.700	30.480.707

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

24. Financial Income and Expenses

Financial income and expenses consist of the following (TL) :

Financial Income

	31 December 2013	31 December 2012
Foreign exchange gains	923.669	3.267.994
Interest income	-	-
Forward earnings	444.800	25.650
Other	-	-
	1.368.469	**3.293.644**

Financial Expenses

	31 December 2013	31 December 2012
Foreign exchange losses	5.564.858	3.065.739
Interest expense	6.904.655	8.628.553
Forward losses	-	331.740
Other	57.551	-
	12.527.064	**12.026.032**

25. Non-current Assets Held for Sale

As of 31 December 2013 and 2012, non-current assets held for sale consist of the following (TL):

	31 December 2013	31 December 2012
Opening balance	**766.229**	691.347
Addition	**1.303.011**	515.824
Disposal	**(461.957)**	(440.942)
	1.607.283	766.229

As of 31 December 2013 and 2012, non-current assets held for sale comprise land, stores and buildings acquired from customers against receivables whose collection has become doubtful. The Company Management intends to dispose of the mentioned real estate in the shortest time possible.

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

26. Taxes

a) Corporation Tax ;

For 2013 and 2012, the corporation tax rate in Turkey is 20%. This rate is applicable to the tax base derived upon adding onto the commercial earnings of entities the disallowable expenses, and deducting exemptions and discounts as stated in the tax legislation. The corporation tax rate in India is 43% and the corporation tax rate in Chile is 20%.

Taxes payable as of 31 December 2013 and 31 December 2012 netted with the prepaid taxes are set out below (TL).

	31 December 2013	31 December 2012
Current period corporation tax	**3.895.092**	4.402.538
Taxes prepaid during the	**(3.842.630)**	(3.992.307)
Payable corporation tax	**54.462**	410.231

As of 31 December 2013 and 2012, the reconciliation between tax expense calculated by appliying the legal tax rate on profit before tax and the total tax provision stated in the statement of profit or loss and other comprehensive income is as follows (TL) :

	31 December 2013	31 December 2012
Profit before tax	**20.111.948**	25.072.968
Tax expense /(income) at the rate of 20%	**4.022.390**	5.014.594
Effect of disallowable expenses	**1.197.332**	46.124
Effect of income exempt from corporation tax	**(322.258)**	(2.093)
Effect of other adjusting items	**(479.527)**	(31.872)
Current period tax (income) / expense	**4.417.937**	5.026.753

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

26. Taxes (continued)

b) Deferred tax assets and liabilities ;

Deferred tax assets, liabilities, income and expenses and the temporary differences taken as basis for deferred tax calculations are as follows (TL):

	Deferred tax asset / (liability)		Deferred tax income / (expense)	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
Provision for doubtful receivables	**1.337.744**	1.060.221	**277.523**	(6.487)
Provision for termination indemnity	**597.984**	439.314	**158.670**	28.716
Actuarial loss on termination indemnity	**53.049**	127.003	**(73.954)**	82.489
Provision for unused vacation	**127.363**	139.232	**(11.869)**	45.830
Provision for litigation	**40.649**	62.134	**(21.485)**	-
Rediscount on receivables	**(81.518)**	485.434	**(566.952)**	(276.483)
Rediscount on payables	**(13.739)**	(126.274)	**112.535**	(108.376)
Expense accruals	**285.767**	468.966	**(183.199)**	(68.414)
Effect of consolidation elimination	**452.786**	-	**452.786**	-
Depreciation time differences and the effect of valuation of intangible assets in accordance with TFRS 3	**(6.787.146)**	(6.050.337)	**(736.809)**	(239.000)
Effect of fixed asset revaluation	**(1.878.659)**	(1.959.178)	**80.519**	(1.121.594)
Deferred Tax Asset/(Liability), Net	**(5.865.720)**	**(5.353.485)**	**(512.235)**	**(1.663.319)**

Changes in deferred tax liability for the periods ended 31 December 2013 and 31 December 2012 are set out in the table below:

	Deferred tax liabilities	
	31 December 2013	31 December 2012
Balance as of January 1st	**5.353.485**	3.627.404
Deferred tax (advantages)/expenses reflect to the statement of comprehensive income	**522.845**	624.215
Amount accounted for in the other comprehensive expenses account	**(10.610)**	1.101.866
Balance	**5.865.720**	5.353.485

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

27. Earnings per Share

Earnings/(loss) per share is calculated as follows:

	31 December 2013	31 December 2012
Profit/(loss) for the period	15.694.011	20.046.215
Weighted average number of ordinary shares at the beginning of the period *	5.956.690.000	5.956.690.000
Weighted average number of ordinary shares at the end of the period *	5.956.690.000	5.956.690.000
Earnings/(loss) per share (TL)	0,2635	0,3365

(*) per share of Kr 1 nominal value

Calculation of earnings per share is made by dividing the net income/(loss) for the current period by the weighted average number of outstanding shares.

Changes in the number of shares for the periods ended 31 December 2013 and 31 December 2012 are set out in the table below:

Number of shares	**31 December 2013**	31 December 2012
Beginning of the period/year	**5.956.690.000**	5.956.690.000
Bonus issues from internal sources during the year	**-**	-
End of the period/year	**5.956.690.000**	5.956.690.000

As of the reporting date, there was no transaction in relation to ordinary shares issued or planned to be issued other than those shown above.

Companies in Turkey are allowed to increase their share capitals through making transfers from various internal sources and extend bonus issues to shareholders based on this increase. In calculating earnings per share, the bonus shares are regarded as shares distributed as dividends. For that reason, these shares are deemed to be outstanding throughout the year in calculating the average number of shares.

28. Related Party Disclosures

i. Trade receivables from related parties consist of the following (TL):

	31 December 2013	31 December 2012
Deceuninck (majority shareholder)	**3.344.013**	1.280.994
Other Deceuninck affiliates	**5.537.164**	7.699.294
Total (Note 7)	**8.881.177**	8.980.288

28. Related Party Disclosures (continued)

ii. Trade payables to related parties consist of the following (TL) :

	31 December 2013	31 December 2012
EgePen Plastik San. Ve Tic. A.Ş (Ege Pen) (*)	**1.046.656**	999.640
Other	**577**	728
Total (Note 7)	**1.047.233**	1.000.368

(*) Debt arising from acquisition of a 20.000 m^2 of land owned by Ege Pen Plastik Sanayi ve Ticaret A.Ş. in Menemen Industrial Zone.

iii. Purchases of goods and services made from related parties for the periods ended 31 December 2013 and 2012 (TL) :

	31 December 2013	31 December 2012
Deceuninck (majority shareholder)	**1.540.785**	6.994.341
Other Deceuninck affiliates	**2.670.211**	1.883.901
Total	**4.210.996**	8.878.242

iv. Sales made to related parties for the periods ended 31 December 2013 and 2012 consist of the following (TL):

	31 December 2013	31 December 2012
Deceuninck (majority shareholder)	**3.095.685**	2.743.437
Other Deceuninck affiliates	**22.638.822**	9.283.082
Total	**25.734.507**	12.026.519

v. Fixed asset purchases made from related parties for the periods ended 31 December 2013 and 2012 consist of the following (TL) :

	31 December 2013	31 December 2012
Deceuninck (majority shareholder)	**1.699.795**	94.737
Other Deceuninck affiliates	**-**	-
Total	**1.699.795**	94.737

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

28. Related Party Disclosures (continued)

vi. Other purchases made from related parties for the periods ended 31 December 2013 and 2012 consist of the following (TL):

	31 December 2013	31 December 2012
Deceuninck *	4.458.334	4.256.245
Other Deceuninck affiliates	268.759	62.540
Egepen	246.707	285.033
Total	**4.973.800**	4.603.818

(*) As of 31 December 2013, the indicated amount consists of management service fee amounting to TL 3.909.560 (31 December 2012 – TL 3.593.626) and foreign representative office expenses amounting to TL 522.227 (31 December 2012 – TL 522.227) and other expenses.

Transactions with other Deceuninck affiliates consist of other expenses and the amount related to Ege Pen consists of trademark expenses.

vii. Salaries and similar benefits provided to top management such as CEO, Board Members, General Manager, General Coordinator, and Assistant General Manager of the Company for the period ended 31 December 2013 and 2012 amounts to TL 4.005.906 (31 December 2012 – TL 3.903.158).

viii. The unaudited statutory financial data of the Subsidiary as of 31 December 2013 is as follows (TL):

	Deceuninck Importadora Limitada
	31 December 2013
Total assets	12.692.826
Gross sales	3.295.282
Net profit/(loss) for the period	178.525
Equity	399.990
Current Assets	12.192.065
Non-current Assets	500.761
Short-term Liabilities	12.292.836
Long-term Liabilities	-
Total Comprehensive Income	178.525

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

29. Nature and Level of Risks Arising from Financial Instruments

Due to its operations, the Parent Company is exposed to various financial risks including the effects of changes in foreign exchange rates and interest rates in loan market and capital market prices. These risks comprise price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Parent Company's general risk management program focuses on the unpredictable and fluctuating characteristic of the financial markets and aims to minimize their potential negative impact on the financial performance of the Parent Company.

Some of the basic financial instruments of the Company are bank borrowings, cash, and short and long term bank deposits. The main purpose in using these instruments is to finance the Parent Company operations. Furthermore, the Company has financial instruments like trade receivables and trade payables which are directly related to operations.

The Parent Company Management manages these risks in the manner stated below, and monitors the market risks that may arise upon utilization of financial instruments.

i. Price Risk

Price risk is a combination of foreign exchange, interest, and market risks. The Parent Company's receivables and payables and interest bearing assets and liabilities cover and compensate each other provided that they are of the same currency; hence, the price risk is managed automatically. Market risk is monitored by market analyses and valuation methods

ii. Interest Rate Risk

The Parent Company does not have significant interest-sensitive assets. The Parent Company's income and cash flows from its operations are mostly independent of the market interest fluctuations.

The Parent Company's interest rate risk arises from short and long term borrowings. The interest rates to be applied in the future periods will affect the loans to be received for the continuation of the Parent Company's operations in the subsequent period.

Interest rate position chart and related sensitivity analysis

As of 31 December 2013 and 2012, the interest rate position of the Parent Company is set out in the table below (TL):

Interest rate position chart		**Current period**	Prior period
		31 December 2013	31 December 2012
	Financial instruments with fixed interest rate		
	Assets the fair value difference of which is reflected to profit/loss	**-**	-
	Financial assets available for sale	**-**	-
Financial assets	Time deposits	**37.259.501**	25.167.789
Financial liabilities (Note 5)		**85.428.719**	**75.831.542**
	Financial instruments with variable interest rate		
Financial assets		**-**	-
Financial liabilities (Note 5)		**-**	-

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

iii. 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.

The Management monitors the funding risk of the Parent Company's current and potential loan requirements through maintaining continuous access to sufficient number of committed credit lines.

The Parent Company's liquid assets (current assets – (inventories+non-current assets held for sale) exceed its short term payables by a total of TL 98.400.728 as of 31 December 2013 (TL 74.606.077 as of 31 December 2012).

The maturity breakdown of the Parent Company's commercial and financial debts by due dates is set out in the table below as of 31 December 2013 and 2012.

Current Period

Expected or contractual terms	Carrying Value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Financial liabilities (non-derivative)						
Bank loans	**85.935.778**	**91.550.085**	**8.958.902**	**20.822.588**	**61.768.594**	**-**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Notes payable	**17.101.227**	**17.285.440**	**14.930.065**	**2.355.375**	**-**	**-**
Trade payables	**39.369.040**	**39.462.450**	**23.186.441**	**16.276.009**	**-**	**-**
Other payables (Deferred income)	**34.576.258**	**34.576.258**	**15.973.996**	**18.602.262**	**-**	**-**
Expected or contractual terms						
Financial liabilities (derivative) (net)	**14.500**	**14.500**	**14.500**	**-**	**-**	**-**

Prior Period

Expected or contractual terms	Carrying value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Financial liabilities (non-derivative)						
Bank loans	76.192.781	81.663.568	36.377.818	20.255.500	25.030.250	-
Other financial liabilities	-	-	-	-	-	-
Notes payable	29.431.853	29.935.113	13.696.109	16.239.004	-	-
Trade payables	16.750.872	16.878.976	12.438.957	4.440.019	-	-
Other payables (Deferred income)	37.775.162	37.775.162	11.604.151	26.171.011	-	-
Expected or contractual terms						
Financial liabilities (derivative) (net)	50.840	69.502	69.502	-	-	-

29. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Management monitors such risks by minimizing the average risk for the counterparty in the agreements (other than related parties) and receiving collaterals when necessary. The Company's collection risk basically arises from its trade receivables from dealers or other customers. The Company monitors this risk either by extending the credit limits allocated to dealers up to the level of collaterals received or by receiving advance payments. The utilization of these credit limits are continuously followed up by the Management and the credit quality is regularly assessed taking into consideration the customer's financial position, past experience and other similar factors.

Trade receivables are evaluated by the Parent Company management based on past experiences and current economic condition, and are presented in the financial statements net of provision for doubtful receivables.

The Parent Company attempts to control credit risk by extending the range of its sales operations, avoiding undesired concentrations on persons or groups of a certain sector or region. The Parent Company also obtains collaterals from customers when appropriate.

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk (continued)

Maturity and guarantee structure of receivables and cash and cash equivalents (TL):

	Receivable				
31 December 2013	**Trade receivables (Note 7)**	**Related Party (Note 7)**	**Other Party (Note 8)**	**Cheques on collection (Note 4)**	**Cash and Banks (Note 4)**
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	**163.661.225**	**8.881.177**	**405.859**	**3.134.106**	**35.122.998**
- Maximum risk secured by guarantee (2)	(161.907.325)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	151.138.932	8.881.177	405.859	3.134.106	35.122.998
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	11.837.748	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	26.550.749	-	-	-	-
- Impairment (-) (Note 7)	(25.866.204)	-	-	-	-
- Net value under guarantee	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-) (Note 7)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off-balance sheet items having credit risk	-	-	-	-	-

(1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(2) The collaterals received consist of guarantee notes, guarantee cheques and mortgages.

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk (continued)

Maturity and guarantee structure of receivables and cash and cash equivalents (TL):

	Receivable				
31 December 2012	**Trade receivables (Note 7)**	**Related Party (Note 7)**	**Other Party (Note 8)**	**Cheques on Collection (Note 4)**	**Cash and Banks (Note 4)**
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	**172.770.364**	**8.980.288**	**568.821**	**7.279.399**	**26.060.162**
- Maximum risk secured by guarantee (2)	(145.444.662)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	154.857.424	8.980.288	568.821	7.279.399	26.060.162
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	9.484.905	-	-	-	-
D. Net book value of impaired assets	8.428.035				
- Overdue (gross book value)	16.434.680	-	-	-	-
- Impairment (-) (Note 7)	(15.187.377)	-	-	-	-
- Net value under guarantee					
- Not overdue (gross book value)	8.636.034	-	-	-	-
- Impairment (-) (Note 7)	(1.455.302)	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off-balance sheet items having credit risk	-	-	-	-	-

(1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(2) The collaterals received consist of guarantee notes, guarantee cheques and mortgages.

29. Nature and Level of Risks Arising from Financial Instruments (continued)

v. Foreign currency risk

The Company carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro.

The Company is also exposed to foreign exchange risk due to its transactions. Such risks arise from sales and purchases of goods and receiving bank loans denominated in currencies other than the Company's functional currency.

The Company monitors its foreign exchange risk by maintaining balance between its foreign currency assets and liabilities and changing its pricing policy in line with the currency fluctuations, and also through continuous analysis of its foreign currency position. The net foreign currency position of the Parent Company and its Subsidiary as of 31 December 2013 and 31 December 2012 is stated in detail below.

In total;

	31 December 2013 (TL)	31 December 2012 (TL)
A. Assets denominated in foreign currency	**42.981.666**	26.682.269
B. Liabilities denominated in foreign currency	**(54.570.571)**	(24.394.234)
Net foreign currency position (A+B)	**(11.588.905)**	2.288.035

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

The foreign currency position of the Parent Company and its Subsidiary as of 31 December 2013 is as follows:

	Table of Foreign Currency Position				
	Current Period				
	TL Equivalent Functional Currency	**USD**	**Euro**	**AUD**	**GBP**
					-
1.Trade receivables	35.205.311	302.051	10.500.939	1.972.168	-
2a.Monetary financial assets (including cash, bank accounts)	7.293.501	37.926	2.445.188	17.082	-
2b.Non-monetary financial assets	-	-	-	-	-
3.Other	482.853	219.300	5.040	-	-
4.Current assets (1+2+3)	**42.981.665**	**559.277**	**12.951.167**	**1.989.250**	**-**
5.Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7.Other	-	-	-	-	-
8.Non-current assets (5+6+7)	**-**	**-**	**-**	- -	**-**
					-
9.Total assets (4+8)	**42.981.665**	**559.277**	**12.951.167**	**1.989.250**	**-**
10.Trade payables	(27.250.196)	(5.628.142)	(5.179.891)	-	(7.775)
11.Financial liabilities	(769.033)	-	(261.888)	-	-
12a.Monetary other liabilities	(122.842)	-	(41.833)	-	-
12b.Non-monetary other liabilities	-	-	-	-	-
13.Short term liabilities (10+11+12)	**(28.142.071)**	**(5.628.142)**	**(5.483.612)**	**-**	**(7.775)**
14.Trade payables	-	-	-	-	-
15.Financial liabilities	(26.428.500)	-	(9.000.000)	-	-
16a.Monetary other liabilities	-	-	-	-	-
16b.Non-monetary other liabilities	-	-	-	-	-
17.Long term liabilities (14+15+16)	**(26.428.500)**	**-**	**(9.000.000)**	-	-
					-
18.Total liabilities (13+17)	**(54.570.571)**	**(5.628.142)**	**(14.483.612)**	**-**	**(7.775)**
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	11.984.350	6.500.000	-	1.000.000	-
19a.Total hedged asset amount	1.888.600	-	-	1.000.000	-
19b.Total hedged liability amount	13.872.950	6.500.000	-	-	-
					-
20. Net foreign currency asset/(liability) position (9+18+19)	**395.444**	**1.431.135**	**(1.532.445)**	**2.989.250**	**(7.775)**
21. Net foreign currency asset/ (liability)position of monetary items =(1+2a+5+6a-10-11-12a-14-15-16a)	**(12.071.759)**	**(5.288.165)**	**(1.537.485)**	**1.989.250**	**(7.775)**
					-
22. Total fair value of financial instruments used for foreign currency hedging	15.761.550	6.500.000	-	1.000.000	-
23.Export *	47.513.394	1.196.625	17.511.467	553.684	-
24.Import *	131.853.306	41.082.990	21.238.393	21.515	22.667

(*) Average rate of Exchange is used.

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

The foreign currency position of the Parent Company and its Subsidiary as of 31 December 2012 is as follows:

	Table of Foreign Currency Position			
	Prior period			
	TL Equivalent Functional Currency	**USD**	**Euro**	**AUD**
1.Trade receivables	22.218.024	338.656	7.540.747	2.100.320
2a.Monetary financial assets (including cash, bank accounts)	2.055.146	551.975	442.078	17.082
2b.Non-monetary financial assets	2.251.411	1.046.564	164.054	-
3.Other	-	-	-	-
4.Current assets (1+2+3)	**26.524.581**	**1.937.195**	**8.146.879**	**2.117.402**
5.Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	157.688	70.950	13.272	-
7.Other	-	-	-	-
8.Non-current assets (5+6+7)	**157.688**	**70.950**	**13.272**	**-**
9.Total assets (4+8)	**26.682.269**	**2.008.145**	**8.160.151**	**2.117.402**
10.Trade payables	(6.521.314)	(2.502.177)	(876.359)	-
11.Financial liabilities	(17.872.920)	-	(7.600.000)	-
12a.Monetary other liabilities	-	-	-	-
12b.Non-monetary other liabilities	-	-	-	-
13.Short term liabilities (10+11+12)	**(24.394.234)**	**(2.502.177)**	**(8.476.359)**	**-**
14.Trade payables	-	-	-	-
15.Financial liabilities	-	-	-	-
16a.Monetary other liabilities	-	-	-	-
16b.Non-monetary other liabilities	-	-	-	-
17.Long term liabilities (14+15+16)	**-**	**-**	**-**	**-**
18.Total liabilities (13+17)	**(24.394.234)**	**(2.502.177)**	**(8.476.359)**	**-**
19.Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	**11.578.878**	**6.495.500**	-	-
19a.Total hedged asset amount	-	-	-	-
19b.Total hedged liability amount	(11.578.878)	(6.495.500)	-	-
20.Net foreign currency asset/(liability) position (9+18+19)	**13.866.913**	**6.001.468**	**(316.208)**	**2.117.402**
21. Net foreign currency asset/ (liability)position of monetary items =(1+2a+5+6a+10+11+12a+14+15+16a)	**(121.064)**	**(1.611.546)**	**(493.534)**	**2.117.402**
22.Total fair value of financial instruments used for foreign currency hedging	11.578.878	6.495.500	-	-
23.Export *	35.133.555	1.407.441	13.773.604	-
24.Import *	94.673.299	30.491.547	17.257.060	-

(*) Average rate of exchange is used.

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

Due to exchange rate fluctuations, the Parent Company and its subsidiary are exposed to foreign currency risk while translating to Turkish Lira the foreign currency payables and receivables arising from trade operations with foreign entities. Such risks are monitored and controlled by regular analysis of the foreign currency position. The Parent Company and its subsidiary follow a policy of diversifying their foreign currency position in order to manage foreign currency risk that may arise from future trade operations and the related assets and liabilities recognized.

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and AUD exchange rates, with all other variables held constant, on the income before tax of the Parent Company and its Subsidiary as of 31 December 2013 and 31 December 2012.

31 December 2013				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL:				
1- USD net asset/liability	(1.081.848)	1.081.848	-	-
2- Amount hedged from USD risk (-)	1.387.295	(1.387.295)	-	-
3- USD Net Effect (1+2)	**305.447**	**(305.447)**	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	(450.002)	450.002	-	-
5- Amount hedged from Euro risk (-)	**-**	-	-	-
6- Avro Net Effect (4+5)	**(450.002)**	**450.002**	-	-
When AUD changes by 10% against TL:				
7- AUD net asset/liability	375.690	(375.690)	-	-
8- Amount hedged from AUD risk (-)	188.860	**(188.860)**	-	-
9- AUD Net Effect (7+8)	**564.550**	**(564.550)**	-	-
When GBP changes by 10% against TL:				
10- GBP net asset/liability	(2.730)	2.730	-	-
11- Amount hedged from GBP risk (-)	-	-	-	-
12- GBP Net Effect (10+11)	**2.730**	**2.730**	-	-
Total (3+6+9+12)	**417.265**	**(417.265)**	-	-

31 December 2012				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL:				
1- USD net asset/liability	(88.066)	88.066	-	-
2- Amount hedged from USD risk (-)	1.157.888	(1.157.888)	-	-
3- USD Net Effect (1+2)	**1.069.822**	**(1.069.822)**	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	(74.363)	74.363	-	-
5- Amount hedged from Euro risk (-)	-	-	-	-
6- Avro Net Effect (4+5)	**(74.363)**	**74.363**	-	-
When AUD changes by 10% against TL:				
7- AUD net asset/liability	391.232	(391.232)	-	-
8- Amount hedged from AUD risk (-)	-	-	-	-
9- AUD Net Effect (7+8)	**391.232**	**(391.232)**	-	-
Total (3+6+9)	**1.386.691**	**(1.386.691)**	-	-

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

29. Nature and Level of Risks Arising from Financial Instruments (continued)

vi. Capital management

The capital management objectives of the Parent Company are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In parallel with the other entities in the sector, the Parent Company monitors its debt/equity ratios for capital management purposes. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (total amount of short and long term liabilities in the statement of financial position) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position.

	31 December 2013	31 December 2012
Total debt	**192.354.499**	175.637.409
Cash and cash equivalents (-) (Note 4)	**38.257.104**	33.339.561
Net debt	**154.097.395**	142.297.848
Total equity	**166.299.940**	156.583.965
Debt/equity ratio	**93%**	91%

30. Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists.

The Company has determined the estimated values of its financial instruments by using the available market information and best practices for valuation. However, fair value measurement requires interpretation and reasoning. Accordingly, the estimates arrived at may not always be the indicators of values that the Company would obtain from a current market operation.

The Company Management assumes that the carrying values of financial instruments approximate their fair values.

Financial assets –

These assets are cash and cash equivalents, relevant interest accruals and other short term financial assets, recognized at cost. As they are short term assets, their carrying values are deemed to approximate their fair values. The carrying values of trade receivables together after the relevant provisions are made for rediscount and doubtful receivables are deemed to approximate their fair values.

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

30. Financial Instruments (continued)

Financial liabilities –

Monetary debts whose carrying values approximate their fair values:

The fair values of trade payables and other monetary liabilities are estimated to approximate carrying value due to their short-term nature. Bank loans are stated at discounted cost and the transaction costs are added onto the initial recording of loans.The fair values of bank borrowings are considered to approximate their respective carrying values, since the interest rates applied to bank borrowings are updated periodically to reflect active market price quotations. The fair value of loans with fixed interest carried at a total of TL 85.935.778 is TL 91.046.526. The carrying values of trade payables net of rediscount provision are assumed to approximate their fair values.

Table of fair value measurement hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

The hierarchy table of financial assets and liabilities carried at fair value as of 31 December 2013 is as follows:

	Level 1	**Level 2 (*)**	**Level 3**
Financial assets carried at fair value	**-**	1.888.600	**-**
Financial liabilities carried at fair value	-	13.872.950	-
Fair value of forward operations	-	11.984.350	-

(*) Fair value is measured taking as basis the market interest rates for the related currency effective in the remaining part of the contract

31. Events After the Reporting Date

None.

32. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

	31 December 2013 (TL Amount)	31 December 2012 (TL Amount)
Total insurance on assets	**352.380.362**	211.921.042