

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT
30 SEPTEMBER 2017**

*(CONVENIENCE TRANSLATION OF THE REPORT, THE FINANCIAL STATEMENTS AND THE
EXPLANATORY NOTES ORIGINALLY IN TURKISH)*

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MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
INTERIM PERIOD CONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
ASSETS	Footnote References	Current Period 30.09.2017	Prior Period 31.12.2016
Current Assets		561,332,185	384,523,356
Cash and Cash Equivalents	4	41,529,716	16,923,525
Financial Investments	5	-	3,360,380
<i>Time deposits</i>	5	-	3,360,380
Trade Receivables		96,555,666	44,743,414
<i>Trade Receivables from Related Parties</i>	6-7	27,774,780	15,302,049
<i>Trade Receivables from Third Parties</i>	7	68,780,886	29,441,365
Other Receivables		101,976,844	101,133,647
<i>Other Receivables from Related Parties</i>	6-9	93,624,391	95,890,438
<i>Other Receivables from Third Parties</i>	9	8,352,453	5,243,209
Derivative Financial Instruments	10	271,982	444,784
<i>Derivative financial instruments</i>	10	271,982	444,784
Inventories	11	276,356,958	176,131,668
Biological Assets	12	2,530,553	5,758,644
Prepaid Expenses	13	6,714,651	1,779,638
<i>Prepaid Expenses from Related Parties</i>			
<i>Prepaid Expenses from Third Parties</i>	13	6,714,651	1,779,638
Assets Related to Current Year Tax	14	74,412	479,406
Other Current Assets	21	35,321,403	33,768,250
<i>Other Current Assets from Related Parties</i>		-	-
<i>Other Current Assets from Third Parties</i>	21	35,321,403	33,768,250
Non-Current Assets		480,658,971	453,988,336
Financial Investments	5	9,650,000	9,650,000
Other Receivables		160,978	175,624
<i>Other Receivables from Related Parties</i>	6-9	-	-
<i>Other Receivables from Third Parties</i>	9	160,978	175,624
Investments Valued by Equity Pick-up Method	15	162,597,237	152,510,394
Tangible Assets	16	285,379,453	271,610,281
Intangible Assets	17	505,581	158,018
Prepaid Expenses	13	7,129,830	2,065,909
<i>Prepaid Expenses to Related Parties</i>		-	-
<i>Prepaid Expenses to Third Parties</i>	13	7,129,830	2,065,909
Deferred Tax Assets	28	15,235,892	17,818,110
TOTAL ASSETS		1,041,991,156	838,511,692

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
INTERIM PERIOD CONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	30.09.2017	31.12.2016
Current Liabilities		440,983,734	405,373,620
Financial Borrowings	8	189,707,214	255,415,493
Current Installments of Long Term Financial Borrowings	8	99,226,606	32,969,189
Trade Payables		113,584,189	89,148,773
<i>Trade Payables to Related Parties</i>	6-7	5,116,049	7,700,158
<i>Trade Payables to Third Parties</i>	7	108,468,140	81,448,615
Employee Benefit Liabilities	20	11,881,979	6,485,573
Other Payables		8,608,683	4,185,065
<i>Other Payables to Related Parties</i>	6-9	744,810	852,767
<i>Other Payables to Third Parties</i>	9	7,863,873	3,332,298
Derivative Financial Instruments	10	1,047,092	-
<i>Derivative Financial Instruments</i>	10	1,047,092	-
Deferred Income	13	8,571,314	15,295,667
<i>Deferred Income from Related Parties</i>		-	-
<i>Deferred Income from Third Parties</i>	13	8,571,314	15,295,667
Current Tax Liabilities of Period Profit	28	5,740,071	-
Current Provisions		2,616,586	1,873,860
<i>Provision for employee benefits</i>	19	2,244,854	1,683,347
<i>Other current provisions</i>	19	371,732	190,513
Non-Current Liabilities		272,677,108	153,211,809
Long Term Borrowings	8	244,034,193	106,120,169
Trade Payables		-	19,635,759
<i>Trade Payables to Related Parties</i>	6-7	-	-
<i>Trade Payables to Third Parties</i>	7	-	19,635,759
Deferred Income	13	286,046	518,458
<i>Deferred Income to Related Parties</i>		-	-
<i>Deferred Income to Third Parties</i>	13	286,046	518,458
Long Term Provisions		28,032,444	26,646,229
<i>Long Term Provisions for Employee Benefits</i>	19	28,032,444	26,646,229
Deferred Tax Liabilities	28	324,425	291,194
Equity		328,330,314	279,926,263
Parent Company's Equity		328,200,954	277,191,456
Paid in Capital	22.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	22.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control		(25,567,435)	(25,567,435)
Other Comprehensive income or expense not to be reclassified to on profit or losses			
<i>Actuarial gain/(loss) arising from retirement benefits</i>	22.3	2,546,859	656,789
Other Comprehensive income or expense not to be reclassified to on profit or losses			
Restricted Reserves	22.4	10,209,777	10,209,777
Retained Earnings / Losses	22.5	41,407,192	44,396,063
Net Profit / (Loss) for the Period		49,119,428	(2,988,871)
Minority Interests	22.6	129,360	2,734,807
TOTAL LIABILITIES AND EQUITY		1,041,991,156	838,511,692

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS OF 1 JANUARY-30 SEPTEMBER 2017 AND 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>	<i>Unreviewed</i>	<i>Unreviewed</i>
		Current Period	Prior Period	Current Period	Prior Period
	Footnote	01.01- 30.09.2017	01.01- 30.09.2016	01.07- 30.09.2017	01.07- 30.09.2016
Revenue	23.1	578,326,163	471,308,441	294,341,762	240,043,659
Cost of sales (-)	23.2	(463,005,046)	(407,201,966)	(229,118,702)	(201,136,316)
Gross Profit / (Loss)		115,321,117	64,106,475	65,223,060	38,907,343
General Administrative Expenses (-)	24.2	(11,986,180)	(11,520,698)	(4,805,498)	(4,459,303)
Marketing Expenses (-)	24.1	(18,631,871)	(12,312,801)	(8,675,547)	(5,097,879)
Other Operating Income	25.1	13,204,035	8,546,562	5,303,652	1,987,124
Other Operating Expenses (-)	25.2	(12,289,449)	(6,049,660)	(2,764,907)	(2,002,459)
Operating Profit / (Loss)		85,617,652	42,769,878	54,280,760	29,334,826
Income from Investment Activities	26.1	55,046	104,407	-	33,575
Expenses from Investment Activities (-)	26.2	(75)	(6,897)	-	-
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	26.3	10,086,843	11,194,110	2,121,057	5,656,223
Operating Activity Profit/(Loss) Before Financial Expense		95,759,466	54,061,498	56,401,817	35,024,624
Financial Income	27.1	18,778,667	15,377,551	4,077,516	(513,357)
Financial Expenses (-)	27.2	(60,155,365)	(36,341,868)	(23,327,122)	(20,427,460)
Operating Activity Profit/(Loss) Before Taxation		54,382,768	33,097,181	37,152,211	14,083,807
Operating Activity Tax Income/(Expense)					
Current Tax Income/(Expense)	28	(5,740,071)	(330,034)	(5,740,071)	(330,034)
Deferred Tax Income/(Expense)	28	(2,140,088)	(5,876,300)	1,013,901	445,992
Current Period Operating Activity Profit / (Loss)		46,502,609	26,890,847	32,426,041	14,199,765
Profit/(Loss) for the Period		46,502,609	26,890,847	32,426,041	14,199,765
Distribution of the Period Income/(Loss)					
Minority Interests	22.6	(2,616,819)	(3,880,713)	(884,416)	(1,674,978)
Parent Company's Shares		49,119,428	30,771,560	33,310,457	15,874,743
Earnings Per Share	29	0.1965	0.1231	0.1332	0.0635
Other Comprehensive Income:					
Income (Expenses) not to be Reclassified on Profit or (Loss)					
- Defined Benefit Plans Re-Measurement Gains (Losses)		2,376,803	733,634	1,541,298	3,712,244
- Deferred Tax Income / (Expense)		(475,361)	(76,008)	(308,259)	(671,730)
Other Comprehensive Income		1,901,442	657,626	1,233,039	3,040,514
Total Comprehensive Income/(Expense)		48,404,051	27,548,473	33,659,080	17,240,279
Distribution of Total Comprehensive Income					
Minority Interests		(2,605,446)	(3,913,213)	(884,416)	(1,707,478)
Parent Company's Shares		51,009,497	31,461,686	34,543,496	18,947,757

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIODS OF
01 JANUARY - 30 SEPTEMBER 2017 AND 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	Paid in Capital	Adjustments of Shareholders' Equity	The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss	Restricted Reserves	Accumulated profits		Parent Company's Equity	Minority Interests	Total Equity
					Defined Benefit Plans Re-Measurement Gains (Losses)		Accumulated Profit/Loss	Net Profit/Loss For The Period			
Balances at 01.01.2016	22	250,000,000	485,133	(25,567,435)	1,793,410	10,209,777	88,285,492	(43,889,429)	281,316,948	9,076,068	290,393,016
Transfers	22	-	-	-	-	-	(43,889,429)	43,889,429	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	690,126	-	-	30,771,560	31,461,686	(3,913,213)	27,548,473
- Profit / Loss for the Period	22	-	-	-	-	-	-	30,771,560	30,771,560	(3,880,713)	26,890,847
-Other Comprehensive Income / Expense	22	-	-	-	690,126	-	-	-	690,126	(32,500)	657,626
Balances at 30.09.2016	22	250,000,000	485,133	(25,567,435)	2,483,536	10,209,777	44,396,063	30,771,560	312,778,634	5,162,855	317,941,489
Balances at 01.01.2017	22	250,000,000	485,133	(25,567,435)	656,789	10,209,777	44,396,063	(2,988,871)	277,191,456	2,734,807	279,926,263
Transfers	22	-	-	-	-	-	(2,988,871)	2,988,871	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	1,890,070	-	-	49,119,428	51,009,498	(2,605,447)	48,404,051
- Profit / Loss for the Period	22	-	-	-	-	-	-	49,119,428	49,119,428	(2,616,819)	46,502,609
-Other Comprehensive Income / Expense	22	-	-	-	1,890,070	-	-	-	1,890,070	11,372	1,901,442
Balances at 30.09.2017	22	250,000,000	485,133	(25,567,435)	2,546,859	10,209,777	41,407,192	49,119,428	328,200,954	129,360	328,330,314

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIODS OF
01 JANUARY – 30 SEPTEMBER 2017 AND 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
		Current Period	Prior Period
	Footnote	01.01-	01.01-
	References	30.09.2017	30.09.2016
CASH FLOWS FROM THE OPERATING ACTIVITIES		(74,092,599)	(82,423,228)
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		46,502,609	26,890,847
Adjustments Related with Net Profit/Loss for The Period		23,810,381	28,495,314
Adjustments for Depreciation, Amortisation Expenses	16-17	21,529,125	18,791,497
Adjustments Related to the Provisions			
- Adjustments for Employee Termination Benefits	19-24.2	3,287,657	9,208,054
- Adjustment for Provision for Expenses and Lawsuits	19	181,219	(12,000)
- Adjustment for Other Provisions or Reversals	19	561,507	806,573
Adjustments for Interest Income and Expense			
- Adjustments for Interest Expenses	8-27	4,118,512	2,273,107
- Deferred Financial Income arise from forward sales		1,490,874	967,970
- Deferred financial expense arise from forward purchasing	25.2	(1,124,153)	1,024,992
Adjustments for fair value income or loss			
- Deferred financial expense arise from forward purchasing	5	17,140	42,298
Adjustments for fair value income or loss	10-27	1,219,894	634,624
Adjustment for retained earnings of subsidiaries	15	(10,086,843)	(11,194,110)
Adjustments for tax payments/returns	28	2,615,449	5,952,309
Changes in the Company Capital		(150,145,660)	(137,799,619)
Adjustments for Increase/Decrease in Financial Assets	5	3,343,240	(2,795,200)
Adjustments for Increase/Decrease in Trade Receivables			
- Adjustments for Increase/Decrease in Trade Receivables from Related Parties	6	(12,472,731)	1,352,812
- Adjustments for Increase/Decrease in Trade Receivables from Third Parties	6-7	(40,830,395)	(42,527,476)
Adjustments for increase/decrease in other receivables related to the operations			
- Adjustments for increase/decrease in other receivables from related parties related to the operations		2,266,047	(56,991,500)
- Adjustments for increase/decrease in other receivables from third parties related to the operations	9-14-21	(4,242,757)	(27,698,202)
Adjustments for Increase/Decrease in Inventories	11	(100,225,290)	5,088,418
Adjustments Related to the Increase/Decrease in Biological Assets	12	3,228,091	3,327,880
Adjustments for Increase/Decrease in Prepaid Expenses	13	(9,998,934)	(5,711,882)
Adjustments for Increase/Decrease in Trade Payables			
- Adjustments for Increase/Decrease in Trade Payables to Related Parties	6	(2,584,109)	61,274
- Adjustments for Increase/Decrease in Trade Payables to Third Parties	6-7	8,507,919	(7,071,557)
Increase/decrease in employee benefits liabilities	20	5,396,406	162,268
Adjustments for increase/decrease in other payables related to the operations			
-Adjustments for increase/decrease in other payables related to the operations to related parties	6-9	(107,957)	68,208
-Adjustments for increase/decrease in other payables related to the operations to third parties	9	4,531,575	1,495,837
Adjustments for increase/decrease in deferred income	13	(6,956,765)	(6,560,499)
Cash Flow from Operating Activities		(79,832,670)	(82,413,458)
Tax payments/ returns	28	5,740,071	(9,770)

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIODS OF
01 JANUARY – 30 SEPTEMBER 2017 AND 2016
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	<i>Unreviewed</i>	<i>Unreviewed</i>
	Current Period	Prior Period
Footnote	01.01-	01.01-
References	30.09.2017	30.09.2016
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES	(35,645,860)	(17,327,039)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets		
- Proceeds from Sale of Tangible Assets	16,619	523,330
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets		
- Proceeds from Purchase of Tangible Assets	(35,197,451)	(17,784,990)
- Proceeds from Purchase of Intangible Assets	(465,028)	(75,149)
Tax Payments>Returns	-	9,770
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES	134,344,650	44,967,752
Cash Inflows from Financial Liabilities		
- Cash Inflows from Bank Loans	749,115,250	626,237,594
Cash Outflows from Financial Liabilities		
- Cash Outflows for Bank Loans	(611,199,603)	(590,172,187)
Cash Outflows from Finance Leases	8	8,902,345
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		
BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)	24,606,191	(54,782,515)
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE	24,606,191	(54,782,515)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	16,923,525	66,463,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,529,716	11,681,455

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT 30 SEPTEMBER 2017
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“Company”), its Subsidiaries and Equity participations are referred as “Group” in the accompanying consolidated financial statements.

The entities mentioned below are applied “Full Consolidation Method”:

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.
- Tan Elektrik Üretim A.Ş.
- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

The entities mentioned below are applied by “Equity Pick up Method”:

- Menderes Tekstil Pazarlama A.Ş.
- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The Company’s address registered on the Trade Registry Gazette is Adalet Mahallesi, Manas Bulvarı, No:47/A 42. Kat Bayraklı, İzmir.

As of 30 September 2017, 3,775 personnel are employed by the Company and average number of personnel is 3,763 for the period of 01.01-30.09.2017.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 22 June 2017, numbered 352 and valid until 23 June 2019, the Company’s annual production capacity is as follows: (Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	M2	59,151,060
Knitted fabric (is used in its production)	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	6,352,500
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	15,120,000
Digital fabric printing (is used in its production)	Kg	1,573,719

Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 16 February 2017, numbered 74 and valid until 22 February 2019, the Company’s annual production capacity is as follows: (Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

	Unit	Quantity
Electricity energy	Kilowatt hour	161,827,000
Steam (is used in its production)	Joule	617,569,920,000
Hot water (is used in its production)	Joule	238,360,320,000

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT 30 SEPTEMBER 2017
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 April 2009, the Company’s name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197,000 m².

According to the capacity report from Denizli Industrial Chamber dated 25 May 2017, numbered 281 and valid until 26 May 2019, the Company’s production capacity has been calculated per 1 shift and 8 working hours per day by main product is as follows:

Product	Unit	Quantity
Tomato	Ton	6,480
Quick-frozen tomato	Ton	684

In the Trade Registry Gazette numbered 6911 dated 08 October 2007, the Company’s headquarter was changed to Denizli and the address is as follows:

The Company’s recorded address to the trade registry is Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli.

As of 30 September 2017, 191 personnel are employed by the Company and the average number of personnel is 194 for the period of 01.01-30.09.2017.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998 in Denizli. It is engaged in producing electricity, hot water and steam. The company’s annual electricity production capacity production is 30.456.000 kilowatt. Akça Enerji Üretim Otoprodüktör Grubu A.Ş. started producing electricity at July 2015.

As of 30 September 2017, 23 personnel are employed by the Company and the average number of personnel is 21 for the period of 01.01-30.09.2017.

Tan Elektrik Üretim A.Ş.

Tan Elektrik Üretim A.Ş. was established in Izmir on 18 July 2006 as “ MTT Elektrik Üretim A.Ş.” The Company name was changed to “Tan Elektrik Üretim A.Ş.” on 9 November 2006. Main activity of Company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers. The Company’s annual electricity production capacity production is 57.254.400 kilowatt. Tan Elektrik Üretim A.Ş. started producing electricity at October 2014.

As of 30 September 2017, 7 personnel are employed by the Company and the average number of personnel is 8 for the period of 01.01-30.09.2017

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Headquarter of the Company is in Izmir. Company engaged in marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Headquarter of the Company is in Izmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and Izmir for 20 years. Company has integrated 21 established and 8 mobile vehicle inspection stations. License rights have been started in 2008 and will continue until 2028.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

The Group is predicated on Turkish Commercial Code ("TCC"), tax legislation of the Republic of Turkey and the Uniform Chart of Accounts issued by the Ministry of Finance while maintaining its legal accounting records and preparing statutory financial statements. Financial statements, except financial assets and liabilities which are signified by the fair value, on the basis of historical cost in Turkish Lira ("TRY") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital, premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

The accompanying consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets”(the Communiqué) announced by the Capital Markets Board (CMB) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676, also put into place by Public Oversight, Accounting and Auditing Standards Authority(POA). TAS; Turkish Accounting Standards, Turkish Financial Reporting Standards and related annexes and interpretations.

The accompanying financial statements of the Company are prepared in accordance with the CMB's announcement dated 07 June 2013 "Announcements on Financial Statements and Footnote Formats". In addition, the accompanying financial statements have been presented in accordance with the 2016 TAS Taxonomy approved by the Board of Directors dated June 2, 2016 and developed by the POA on the basis of delegated legislation, Article 9 (b) of the Decree Law No. 660 ("Decree Law").

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 9 November 2017. Boards of Directors have authority to change financial statements.

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	Menderes' share		
		Direct Share	Indirect Share	Total Share
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79.17%	-	79.17%
Tan Elektrik Üretim A.Ş.	Full Consolidation	66.00%	1.90%	67.90%
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	Full Consolidation	68.00%	12.42%	80.42%

Participations	Consolidation Method	Menderes' share		
		Direct Share	Indirect Share	Total Share
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	Equity Pick up	48.00%	-	48.00%
Menderes Tekstil Pazarlama A.Ş.	Equity Pick up	45.00%	-	45.00%

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As of 30 September 2017 and 31 December 2016, the capital structure of subsidiaries and participations are as follows:

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Public Offered Shares	47.20	47.32
Akça Holding A.Ş.	50.41	50.29
Other	2.39	2.39
	100%	100%

Akça Holding A.Ş. (Controlling Shareholder of Menderes Tekstil Sanayi ve Ticaret A.Ş.)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	22.01	22.01
Rıza Akça	37.86	37.86
Dilek Göksan	18.93	18.93
Ahmet Bilge Göksan	18.93	18.93
Erbil Akça	2.27	2.27
	100%	100%

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	100%	100%

Tan Elektrik Üretim A.Ş. (Subsidiary)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	100%	100%

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Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (Subsidiary)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	68.00	68.00
Tan Elektrik Üretim A.Ş.	18.29	18.29
Akça Holding A.Ş.	7.01	7.01
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	4.29	4.29
Selin Tekstil Sanayi Ticaret A.Ş.	2.22	2.22
Akçasaraylı Tekstil Ltd. Şti.	0.19	0.19
	100%	100%

Aktur Araç Muayene İstasyon İşletmeleri A.Ş. (Participation)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Zeybekçi Holding A.Ş.	49.50	49.50
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Other	2.50	2.50
	100%	100%

Menderes Tekstil Pazarlama A.Ş. (Participation)

	30.09.2017	31.12.2016
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.00	45.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	37.50	37.50
Akça Holding A.Ş.	7.50	7.50
Rıza Akça	5.00	5.00
Dilek Göksan	2.50	2.50
Ahmet Bilge Göksan	2.50	2.50
	100%	100%

Equity participations are accounted for using the equity pick-up method. Equity participations are companies in which Group has a voting right between 20% and 50% of the ordinary share capital or significant influence is exercised on the operations of the company.

Subsidiaries are included or excluded from the consolidation since the date Group has control over or loses control.

Minority shares of shareholders are pursued in net assets of the subsidiaries in the result of the operations consolidated balance sheet and income statements.

Results of the operations, assets and liabilities of the subsidiaries are accounted by using the equity pick-up method in the accompanying consolidated financial statements. In equity method the associates in consolidated statement are stated after the amount obtained from decreasing any impairment occurred in share from associates net assets value. Loss exceeding the Group’s associates share is not recorded. Additional loss reserve is only made when Group is exposed to legal or constructive obligation or payments made in name of associate or partner.

Reporting Currency

As of 30 September 2017 and 31 December 2016, Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

Offsetting

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

2.b. Changes in Accounting Policies

A group only could change its accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for user of financial statements. This is why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Company’s current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

Public Oversight Accounting and Auditing Standard Authority (POA) has published principal related with “Accounting of business mergers subject to common control” in official journal as of 21 July 2013. In accordance with the publication, transaction under common controls have to perform in accordance with “Pooling of Interest Method” by restating previous year financials.

Business mergers subject to common control should be recognized using the pooling of interest method, therefore, goodwill should not be included in the financial statements. Due to removal of possible asset-liability mismatch after business mergers subject to common control, “Effect of the Mergers Subject to Common Control” account under the shareholders equity is used as an equaliser.

The Group has made classification to be comparable with the profit or (loss) statement and statement of financial position for the periods of 01 January- 30 September 2017 and 01 January- 30 September 2016 in order to allow determination of financial position and performance trends. Related classifications has not effect on profit or (loss) to the current period.

- For the period ended at 01 January - 30 September 2016, amount of TRY 2,714,361 of personnel expenses shown as “Cost of Sales” account in profit or loss and other comprehensive income is classified "Marketing and sales expense".

2.e. The New International Financial Reporting Standards, Amendments

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

TFRS 9 Financial Instruments (2017)

TFRS 9 Financial Instruments, has been published in January 2017, replaces the existing guidance in TAS 39 Financial Instruments: Recognition and Measurement. This version includes referrals in earlier versions of TFRS 9 and revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. TFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 15 Revenue from Contracts with Customers

As issued in September 2016, the new standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued 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 consolidated financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to IFRS by the POA, thus they do not constitute part of IFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under IFRS.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management’s intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Improvements to IFRS

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

IAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

2.f. Summary of Significant Accounting Policy

Cash and Cash Equivalents

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

Financial investments:

Initial measurement of financial assets and financial liabilities:

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

Subsequent measurement of financial assets:

After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction cost it may incur on sale or other disposal, except for the following financial assets:

- (i) Loan and receivables which shall be measured at amortized cost using the effective interest method;
- (ii) Held-to-maturity investments which shall be measured at amortized cost using the effective interest method; and
- (iii) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that is linked to and must be settled by delivery of such unquoted equity instruments which shall be measured at cost.

Financial assets and liabilities at fair value through profit or loss:

It is classified as tangible assets hold for future sale. A financial asset or financial liability is classified as tangible assets hold for future sale if it is:

- (i) Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (ii) Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making; or
- (iii) A derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

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Held-to maturity investments:

Non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- (i) Those that the entity upon initial recognition designates as at fair value through profit or loss;
- (ii) Those that the entity designates as available for sale; and
- (iii) Those that meet the definition of loans and receivables.

Financial assets carried at cost:

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Marketable securities:

Financial assets in which Parent Company has voting right below 20%, or over 20% which Parent Company does not exercise a significant influence, and subsidiaries or joint venture, which are not included in consolidation that they are immaterial or which are immaterial, that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

Financial Borrowings

Financial borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement over the borrowing period. Borrowing costs are charged to income statement when they incur and reclassified to bank loans.

Receivables and Payables

The trade receivables and payables derived from providing services or selling goods by the Group and purchasing goods or receiving services are clarified with deferred financial income and expense in the accompanying financial statements. Post clarification, trade receivables and trade payables are calculated from the values of following the record of the original invoice values, by rediscounting with effective interest rate method. Short term receivables without designated interest rate are reflected the invoice values in case the effective interest rate effect is insignificant.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Provision for Doubtful Receivables

The Group sets provisions for doubtful receivable when it is realized uncollectible due to objective findings. Amount of this provision is the difference of registered and collectible amounts. All cash flow including the collectible sum amount from guarantee and assurance is discounted on the base of the effective interest rate of trade receivable occurred.

In case of collecting doubtful receivable that is provided, the collected amount is deducted from the provision for doubtful receivable and in case of a remaining balance; the balance is added to other income.

Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The cost of inventories is determined on the first in first out (FIFO) basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Biological Assets

Group’s biological assets consist of planted tomatoes. Due to no presence of active market for tomatoes, they were reflected in the accompanying consolidated financial statements with their costs minus if there is impairment in the cost then it is deducted.

Tangible Assets

Tangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 01 January 2005 for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated depreciation.

Tangible assets are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line basis with prorates method based on the estimated useful lives of the assets. Expenses for the repair of property, plant and equipment are normally charged as an expense.

Economic useful lives of assets approximately are as follows:

	<u>Year</u>
Land improvements	10-30
Buildings	50
Machinery, plant and equipments	5-10
Motor vehicles	5
Fixtures and fittings	10

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Leasing

Group acquired assets under finance lease agreements and capitalized at the inception of the lease starting from acquired date. Payables to lease are pursued under financial leasing liability in balance sheet. Calculation of minimum leasing payment is to find out current market value as the valid proportion is calculated practically in financial leasing process then it is, otherwise proportion of interest rate of loan is used as discount factor. Expenses of asset acquisition through financial leasing are included in costs. The liability from financial leasing is decomposed into interest rate and the main loan. Expenses of interest rate are calculated with the fixed interest rate and are issued in related periods.

Impairment of Assets

In case of detecting that carrying values of fixed assets fall below the level that can realize / can be gained from this asset in the future due to different events and situations, material and non-material fixed assets are tested in terms of value losses. In the case of being over the value of book value of material and non-material fixed assets realizable value or the value that can be gained from this asset in the future, provision are made for fixed asset value diminution.

Employee Benefits / Severance Pay

- **Severance Pay**

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 30 September 2017, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 4,732 (31 December 2016: TRY 4,297) per year of employment at the rate of pay applicable at the date of retirement.

Group used “Projection Method” to calculate the termination benefits and the duration to be completed based on the past experience and discounted with rate of Treasury bond at balance sheet date. The calculated profits and losses are reflected in income statements.

- **Social Insurance Premium**

Group, pays social security contribution to social security organization compulsorily. So long as the company pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Taxes

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the “liability” method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using “liability method” and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

Accounting Estimates

During the preparation of financial statements, the Company management is required to disclose the carrying amount of value of the assets and liabilities stated in the financial statements as of the balance sheet date and to give explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional liabilities and conditional assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to Group accounting policies calculating the share of company from the net assets.

Revenue

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted. The main activity of the Group and its subsidiaries manufacture of textiles and agricultural products, sales, marketing, production of electrical energy.

Sales of goods:

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income:

Interest income is accrued in proportion as effective interest rate which reduces estimated cash addition to recorded value of the asset in corresponding period.

Dividend and other incomes:

Dividend income which obtained from share investments, is recorded when shareholders’ have the right to get dividend.

Other incomes are recorded with the possibility of having the worth giving service or accrual of the facts related with income, making the transfer of risk and benefit, determination of income amount and enrollment of economic benefits related with the procedure.

Leasing Procedures

Operating lease as owner

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In operating lease, the rented assets are classified under the tangible fixed assets in the balance sheet. The income from the rent and lease are reflected at the end of procedures in equal amounts in other incomes account. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Group’s rental incomes derived from assets subjected to operating lease, are not fixed related to the contracts, those rent incomes are considered as future sales percentage described in the contracts.

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The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

The foreign currency rates for USD, EUR, GBP and CHF used at the end of the period are as following:

	30.09.2017	31.12.2016
USD	3.5521	3.5192
EUR	4.1924	3.7099
GBP	4.7478	4.3189
CHF	3.6528	3.4454

Derivative Financial Instruments and Instruments to Protect from Risk

The Group’s derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/expense accruals under other receivables and other payables in the balance sheet.

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of the Group and taking position according to approved limits.

Earnings per Share / (Loss)

The amount of gain / loss per share is calculated by dividing the period gain/ loss of the company with weighted average share unit in the period.

In Turkey, companies can increase their share capital by making distribution of “bonus shares” to existing shareholders from Inflation adjustment difference in shareholder’s equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Other Balance Sheet Entries

Other balance sheet entries are reflected with their book values.

Cash Flow Statement

Cash flow statement is prepared in accordance with communiqué by Capital Market Board.

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Related Parties

In the presence of one of the following criteria, parties are considered as related to the Company,

- (a) Directly, or indirectly through one or more intermediaries, the party,
 - (i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in Company that gives it significant influence over the Company; or
 - (iii) Has joint control over the Company;
- (b) The party is an associate of the Company,
- (c) The party is a joint venture, in which the Company is a venture,
- (d) The party is member of the key management personnel of the Company or its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e),
- (g) The party has a defined benefit plan for the employees of the Company or a related party of the Company.

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Company interacts with its related parties within the frame of ordinary business activities (Note 6).

Details of related parties are as follows:

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. "Osman Akça Tarım Ürünleri"

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of The Company is in İzmir. Main activity is established to process the fruit and agricultural products.

Akçamen Tekstil Sanayi ve Ticaret A.Ş. "Akçamen Tekstil"

Akçamen Tekstil Sanayi ve Ticaret A.Ş. was established on 26 July 1994. Headquarter of the Company is in İzmir. On 11 November 2008 in the Trade Registry Gazette numbered 7186, the Company's headquarter was changed to Denizli. Main activity is to produce cotton.

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. "Aksan Sigorta"

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the Company is in İzmir. Main activity is insurance intermediary services.

Selin Tekstil Sanayi ve Ticaret A.Ş. "Selin Tekstil"

Selin Tekstil Sanayi ve Ticaret A.Ş. was established in 1992. Head quarter of The Company is in Denizli. Main activity is outsourcing of textile manufacturing.

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Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. “Akçasaraylı Tekstil”

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. was established in 1990 in İzmir. It is engaged of the sale of textile products.

A trademark lease contract was made between Menderes Tekstil San. and Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. With this contract signed, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of Mendereshome Store-Menderesstore-Menderestore.

Akça Holding A.Ş. “Akça Holding”

Akça Holding A.Ş. was established in 1994 in İzmir. It is engaged in providing financial support to the group firms.

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. “Akça Solar”

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. was established in 4 September 2012 in Denizli. It is engaged in the production and sale of every kind of renewable energy (sun energy, wind energy, etc.). The Company does not operate yet.

2.g.Critical Accounting Estimates, Assumptions and Judgments

Accounting estimates that have important affects on the assets and liabilities are as follows:

Deferred financing income / losses:

Available maturity rates are used during calculating the values of treaded of receivables and payable by effective interest rate method.

Useful lives:

Tangible and intangible fixed assets are amortisated and depreciated on useful lives.

Provision for severance pay:

Provision for severance pay is determined on balance sheet date based on employee turnover rates by calculating employee turnover rates accordingly past experiences and expectations.

Provisions for litigation:

When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision.

Distinction of tangible fixed assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties. Registered values of the relevant facilities which recognized together with gas stations on the statutory records of the Group have been classified based on the net cash flow which they will create in the future.

The used assumptions are indicated in the related accounting policies or footnotes.

2.h. Segment Reporting of Operation Results

Group mainly operates in textile and agriculture sectors, agricultural production is conducting by Smyrna. Balance sheet items and operating results are given in Note 3.

2.i. Accounting of Business Mergers under Common Control

Public Oversight Accounting and Auditing Standard Authority (POA) has published principal related with transaction under common control in official journal as of 21 July 2013. Due to making up the difference related to applied accounting policies, the accounting principles those are indicated below must be applied hierarchically.

- i) Goodwill should not be included in the financial statements by the reason of accounting through the business mergers including common control business method (pooling of interest),
- ii) While using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of beginning of the reporting period when common control occurs and should be presented by comparatively from the beginning of reporting period when common control occurred,
- iii) The financial statements must be reorganized in accordance with the IAS rules including business accounting when group controller company of consolidation obtains the controlling companies shares those are in business combinations, also for the following periods,
- iv) Due to removal of possible asset-liability mismatch after business mergers subject to common control, “Effect of the Mergers Subject to Common Control” account under the shareholders equity is used as an equaliser.

This decision will enter into force on the date of publication to be valid on annual reporting periods after 31 December 2012. Companies that have different applications of accounting principles should consider the stated accounting principles as change in accounting policy, and make necessary corrections from the first annual financial statements and companies who are obliged to make interim period reporting must give information about the topic in the footnotes.

On 18 July 2016, the Company acquired the share of Tan Elektrik Üretim A.Ş. (Tan Elektrik) management privilege from Akça Group (nomination of more than one half of the members of the board of directors) by paying TL 1,800,000 to common control Smyrna Seracılık Ticaret A.Ş., equal to 15% of total shares. With the general assembly meeting decision held on 21 December 2016, paid-in capital of the Tan Elektrik increased from TRY 12,000,000 to TRY 30,000,000 and the increased portion of TRY 18,000,000 was fully paid by the Company. With this capital increase, the Company's direct shares in Tan Elektrik increased to 66% and direct + indirect shares increased to 67.90%. With the extraordinary general meeting decision held on 21 December 2016, paid-in capital of the Akça Enerji Üretim Otoprodüktöre Grubu A.Ş. (subsidiary of the Group) increased from TRY 28,000,000 to TRY 70,000,000 and the increased portion of TRY 42,000,000 was fully paid by the Company. With this capital increase, the Company's direct shares in Akça Enerji increased to 68% and direct + indirect shares increased to 80.42%.

Company evaluate the purchasing transaction by method “combination of rights” within the frame of “Accounting of Business Combinations Under Common Control” oriented resolution (2013-2) Applying the Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority. Company reorganize consolidate financial statements as if actualize purchasing transaction as start of reporting period that occurred common control and company rendered consolidate financial statements as comparative dating from start of reporting period. Goodwill or negative goodwill is not calculated as a result of these transactions. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under shareholder’s equity as effect of combinations including business subject to common control.

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NOTE 3 – SEGMENT REPORTING

30 September 2017	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
ASSETS					
Cash and Cash Equivalents	40,336,119	12,026	1,181,571	-	41,529,716
Trade Receivables	94,993,566	511,860	1,050,240	-	96,555,666
Other Receivables	124,877,676	262,971	43,349	(23,207,152)	101,976,844
Derivative Financial Instruments	271,982	-	-	-	271,982
Inventories	275,400,592	712,585	243,781	-	276,356,958
Biological Assets	-	2,530,553	-	-	2,530,553
Prepaid Expenses	6,226,506	174,555	313,590	-	6,714,651
Current Tax Assets	69,495	-	4,917	-	74,412
Other Current Assets	19,314,255	3,988,103	12,019,045	-	35,321,403
Current Assets	561,490,191	8,192,653	14,856,493	(23,207,152)	561,332,185
Financial Investments	76,900,000	950,000	22,450,010	(90,650,010)	9,650,000
Other Receivables	73,780	15,682	71,516	-	160,978
Investments Valued by Equity Pick-up Method	162,597,237	-	-	-	162,597,237
Tangible Assets	126,733,379	20,803,377	137,842,697	-	285,379,453
Intangible Assets	484,305	7,371	13,905	-	505,581
Prepaid Expenses	342,938	125,211	6,661,681	-	7,129,830
Deferred Tax Assets	11,772,272	789,916	4,499,799	(1,826,095)	15,235,892
Non-Current Assets	378,903,911	22,691,557	171,539,608	(92,476,105)	480,658,971
TOTAL ASSETS	940,394,102	30,884,210	186,396,101	(115,683,257)	1,041,991,156
LIABILITIES					
Financial Borrowings	186,238,836	3,468,378	-	-	189,707,214
Current Installments of Long Term Financial Borrowings	82,878,067	4,122,459	12,226,080	-	99,226,606
Trade Payables	107,610,199	2,309,797	3,664,193	-	113,584,189
Employee Benefits Liabilities	11,269,190	402,733	210,056	-	11,881,979
Other Payables	7,747,687	10,399,126	13,669,021	(23,207,151)	8,608,683
Derivative Financial Instruments	1,047,092	-	-	-	1,047,092
Deferred Income	8,571,293	21	-	-	8,571,314
Current Income Tax Liability	5,740,071	-	-	-	5,740,071
Current Provisions	2,473,250	37,090	106,246	-	2,616,586
Current Liabilities	413,575,685	20,739,604	29,875,596	(23,207,151)	440,983,734
Long Term Borrowings	121,394,706	-	122,639,487	-	244,034,193
Provisions For Long Term Employee Benefits	27,305,289	564,602	162,553	-	28,032,444
Deferred Income	286,046	-	-	-	286,046
Deferred Tax Liabilities	427,742	618,394	1,104,384	(1,826,095)	324,425
Non-Current Liabilities	149,413,783	1,182,996	123,906,424	(1,826,095)	272,677,108
Paid in Capital	250,000,000	12,000,000	100,000,000	(112,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Business Mergers Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
Actuarial Benefit / Loss of the Retirement Plans	2,492,177	69,792	153	(15,263)	2,546,859
Restricted Reserves	10,147,245	62,532	127,759	(127,759)	10,209,777
Retained Earnings / Losses	57,165,816	(3,497,571)	(56,575,320)	44,314,267	41,407,192
Net Profit / Loss for the Period	57,114,263	326,857	(10,938,511)	2,616,819	49,119,428
Minority Interest	-	-	-	129,360	129,360
SHAREHOLDERS' EQUITY	377,404,634	8,961,610	32,614,081	(90,650,011)	328,330,314
TOTAL LIABILITIES	940,394,102	30,884,210	186,396,101	(115,683,257)	1,041,991,156

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30 September 2017	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	545,053,868	17,533,435	15,996,928	(258,068)	578,326,163
Cost of Sales (-)	(432,533,948)	(15,437,577)	(15,291,589)	258,068	(463,005,046)
GROSS PROFIT/LOSS	112,519,920	2,095,858	705,339	-	115,321,117
General Administrative Expenses (-)	(10,571,353)	(562,130)	(886,132)	33,435	(11,986,180)
Marketing Expenses (-)	(17,837,780)	(794,091)	-	-	(18,631,871)
Other Operating Income	11,071,640	1,976,665	189,165	(33,435)	13,204,035
Other Operating Expenses (-)	(9,128,437)	(287,402)	(2,873,610)	-	(12,289,449)
OPERATING PROFIT/LOSS	86,053,990	2,428,900	(2,865,238)	-	85,617,652
Income From Investment Activities	55,046	-	-	-	55,046
Expenses From Investment Activities (-)	(75)	-	-	-	(75)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	10,086,843	-	-	-	10,086,843
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	96,195,804	2,428,900	(2,865,238)	-	95,759,466
Financial Income (+)	21,272,301	9,868	837,309	(3,340,811)	18,778,667
Financial Expenses (-)	(52,170,396)	(1,862,501)	(9,463,279)	3,340,811	(60,155,365)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	65,297,709	576,267	(11,491,208)	-	54,382,768
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	(5,740,071)	-	-	-	(5,740,071)
- Deferred Tax Income/Expense	(2,443,375)	(249,410)	552,697	-	(2,140,088)
PROFIT/(LOSS) FOR THE PERIOD	57,114,263	326,857	(10,938,511)	-	46,502,609

30 September 2017	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Details of Assets by Segments					
Total Tangible and Intangible Assets (Net Book Value)	126,733,379	20,803,377	137,842,697	-	285,379,453
Purchases of Tangible and Intangible Assets	17,241,075	44,577	17,911,799	-	35,197,451
Depreciation Expenses	11,412,894	1,654,449	8,461,782	-	21,529,125
Total Assets	82,544,872	543,850	7,787,172	-	90,875,894
Total Liabilities	437,201,627	4,667,471	135,008,263	-	576,877,361
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	(6,720,262)	-	-	-	(6,720,262)
Net Foreign Currency Asset/ Liabilities	(361,377,017)	(4,123,621)	(127,221,091)	-	(492,721,729)
Export	453,417,328	11,390,882	-	-	464,808,210
Import	241,385,354	37,825	1,229,665	-	242,652,844
Total Debt	562,989,467	21,922,600	153,782,020	(25,033,246)	713,660,841
Cash Equivalents	(40,336,119)	(12,026)	(1,181,571)	-	(41,529,716)
Net Debt	522,653,348	21,910,574	152,600,449	(25,033,246)	672,131,125
Total Equity	377,404,635	8,961,610	32,614,081	(90,650,011)	328,330,315
Total Capital	900,057,983	30,872,184	185,214,530	(115,683,257)	1,000,461,440
Net Debt/Total Capital Ratio	58%	71%	82%	22%	67%

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Information On The Geographical Region

On a country basis distribution of foreign revenue obtained from the Group’s textile sector activities are as follows:

Region	01.01- 30.09.2017	01.01- 30.09.2016
Germany	35%	40%
U.S.A	32%	36%
Italy	9%	7%
Netherlands	6%	2%
France	4%	6%
Poland	3%	0%
China	3%	2%
Others	8%	7%
	100%	100%

Information About Major Clients

Group’s sales related activities are determined according to market fluctuations in domestic and foreign and conditions of competitions. As of 30 September 2017, it is being taken care of that any certain sector, country, individual and company are concentrated in terms of risk dispersions. The share of the biggest purchaser in the revenue achieved from textile activity is 41.45%. (30 September 2016: 37%).

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 30 September 2017 and 31 December 2016, the details of cash and cash equivalents are as follows:

	30.09.2017	31.12.2016
Cash	18,389	23,137
Banks	41,501,683	16,753,050
<i>Demand deposits</i>	29,441,683	2,025,142
<i>Time deposits</i>	12,060,000	14,727,908
Interest accruals for banks	9,644	147,338
	41,529,716	16,923,525

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As of 30 September 2017 and 31 December 2016, the maturity details of time deposits in cash and cash equivalents are as follows:

	30.09.2017	31.12.2016
Within 1 month	12,060,000	4,486,078
1-3 months	-	10,241,830
	12,060,000	14,727,908

As of 30 September 2017, effective interest rates of time deposits in TRY is 14.20 %. (31.12.2016: for TRY 9.32%, USD 1.86%) respectively

As of 30 September 2017, average maturity date of time deposits is 3 days (31 December 2016: 45 days) and time deposits consist of TRY 12,060,000. (31.12.2016: TRY 2,932,798 and USD 3,351,645 (TRY 11,795,110))

As of 30 September 2017, the Group’s time deposits within the 3 months don’t have hypothec against loans used. (31.12.2016: USD 2,450,000 (TRY 8,622,040)).

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	30.09.2017	31.12.2016
Deposits with maturities over 3 months	-	3,343,240
Bank interest accruals	-	17,140
	-	3,360,380

As of 31 December 2016, the average maturity of time deposits are 135 days. As of 31 December 2016, time deposit are consist of USD 950,000 (TRY 3,343,240)

As of 31 December 2016, the blockage’s amount more than 3 months on bank deposits of the Group are USD 950,000 (TRY 3,343,240) for the borrowings which are taken from Şekerbank T.A.Ş.

Long term financial investments

	30.09.2017	31.12.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	9,650,000	9,650,000
	9,650,000	9,650,000

As of 30 September 2017 and 31 December 2016, long term financial investments are consist of Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş. subsidiary amount with 8.04% belonging to Akça Enerji Üretim Otoprodüktör Grubu A.Ş., subsidiary of the Group.

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 7):

	30.09.2017	31.12.2016
Menderes Tekstil Pazarlama A.Ş.	26,264,928	13,271,513
Akçasarahlı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,836,260	2,228,880
Unearned interests (-)	(326,408)	(198,344)
	27,774,780	15,302,049

b) Trade payables to related parties (Note 7):

	30.09.2017	31.12.2016
Selin Tekstil Sanayi ve Ticaret A.Ş.	5,217,212	7,597,687
Akçamen Tekstil A.Ş.	-	143,490
Unearned interests (-)	(101,163)	(41,019)
	5,116,049	7,700,158

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c) Other receivables from related parties (Note 9):

	30.09.2017	31.12.2016
Due from shareholders		
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	93,624,391	95,754,169
Other receivables from related parties		
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	136,269
	93,624,391	95,890,438

d) Other payables to related parties (Note 9):

	30.09.2017	31.12.2016
Due to shareholders		
Rıza Akça	744,810	491,342
Akça Holding A.Ş.	-	179,596
Other payables to related parties		
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	181,829
	744,810	852,767

e) Advances given to related parties:

	30.09.2017	31.12.2016
Rıza Akça	39,735	93,969
	39,735	93,969

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ii) Major sales to related parties and major purchases from related parties:

a) Sales to related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Menderes Tekstil Pazarlama A.Ş.	58,695,750	45,594,325	20,248,686	13,633,515
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,484,117	1,762,034	744,735	353,591
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	296,824	211,066	222,937	154,457
Aktur Araç Muayene İstasyonları İşl. A.Ş.	19,000	11,780	-	-
	61,495,691	47,579,205	21,216,358	14,141,563

b) Purchases from related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Selin Tekstil Sanayi ve Ticaret A.Ş.	30,423,251	31,865,729	8,771,000	10,531,536
Akça Holding A.Ş.	46,570	20,368	21,866	8,565
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	553	7,729	110	-
Aktur Araç Muayene İstasyonları İşl. A.Ş.	2,101	1,951	168	580
	30,472,475	31,895,777	8,793,144	10,540,681

c) Purchases of fixed assets from related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	38,290	-	-	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	775,500	-	-
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	46,610	-	-
	38,290	822,110	-	-

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iii) Other income and expenses resulting from transactions with related parties:

a) Benefits provided to senior management (Member of the board of directors, general manager and deputy general manager), gross:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Benefits provided to senior management	483,920	339,220	168,457	13,064
	483,920	339,220	168,457	13,064

b) Service expenses paid to related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Akça Holding A.Ş.	447,066	410,497	151,219	152,129
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	330,058	193,080	224,612	115,533
	777,124	603,577	375,831	267,662

c) Rent income from related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	68,850	63,000	22,950	21,000
Akça Holding A.Ş.	68,850	63,000	22,950	21,000
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	69,300	63,000	23,100	21,000
Selin Tekstil Sanayi ve Ticaret A.Ş.	21,600	24,300	5,400	8,100
Menderes Tekstil Pazarlama A.Ş.	9,630	9,630	3,210	3,210
Akçamen Tekstil Sanayi Ticaret A.Ş.	7,740	7,740	2,580	2,580
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	6,300	6,300	2,100	4,200
	252,270	236,970	82,290	81,090

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d) Rent expenses paid to related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Menderes Tekstil Pazarlama A.Ş.	297,000	270,000	99,000	90,000
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	27,198	26,190	9,066	8,730
	324,198	296,190	108,066	98,730

e) Service income from related parties:

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Menderes Tekstil Pazarlama A.Ş.	58,050	53,100	19,350	17,700
	58,050	53,100	19,350	17,700

f) Foreign exchange gains from related parties (Note 27.1):

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	149,488	318,344	124,979	-
Akça Holding A.Ş.	-	1,592	-	-
	149,488	319,936	124,979	-

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g) Interest income from related parties (Note 27.1):

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	6,933,439	8,073,586	2,489,558	2,672,634
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	105,768	-	-
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,664	6,176	-	2,282
Akça Holding A.Ş.	-	18,652	-	-
	6,937,103	8,204,182	2,489,558	2,674,916

h) Foreign exchange losses paid to the related parties (Note 27.2):

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	457,027	-	355,830
Akça Holding A.Ş.	-	23,709	-	9,686
	-	480,736	-	365,516

i) Interest expenses paid to related parties (Note 27.2):

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	137,351	-	114,231
Akça Holding A.Ş.	-	5,331	-	4,421
	-	142,682	-	118,652

j) Maturity interest expenses paid to related parties (Note 27.2):

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	13,212	-	4,327
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	11,738	-	3,018
	-	24,950	-	7,345

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	30.09.2017	31.12.2016
Trade receivables	66,078,194	27,188,384
Cheques and notes	1,680,966	1,065,695
Unearned interest on trade receivables	(195,242)	(104,426)
Doubtful trade receivables	60,053	25,376
Provision for doubtful receivables (-)	(60,053)	(25,376)
Income accruals	1,216,968	1,291,712
Trade Receivables From Third Parties	68,780,886	29,441,365
Trade receivables from related parties (Note 6-i-a)	28,101,188	15,500,393
Unearned interests on related party receivables (Note 6-i-a)	(326,408)	(198,344)
Trade Receivables From Related Parties	27,774,780	15,302,049
Total Short-Term Trade Receivables	96,555,666	44,743,414

As of 30 September 2017, the average maturity of trade receivables are 22 days (31 December 2016: 25 days).

Maturity schedule of notes receivables as of 30 September 2017 and 31 December 2016 are as follows:

	30.09.2017	31.12.2016
1-30 days	163,994	416,976
31-60 days	132,353	6,000
61-90 days	303,662	206,009
91-120 days	319,214	244,710
121-150 days	646,743	192,000
151-180 days	55,000	-
181-210 days	30,000	-
211-240 days	30,000	-
	1,680,966	1,065,695

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As of 30 September 2017 and 31 December 2016, provision for doubtful receivables movement schedule is as follows:

	30.09.2017	31.12.2016
Opening balance	25,376	543,793
Collections for the period	-	-
Offsetting of balances that can not be collected (*)	-	(521,773)
Provision for the period	34,677	3,356
Closing Balance	60,053	25,376

(*)The balances not available for collection and the provision reserved before are offsetted with reciprocatively.

Short Term Trade Payables

	30.09.2017	31.12.2016
Trade payables	79,756,238	64,733,488
Unearned interests on trade payables	(510,393)	(769,739)
Notes payables	26,807,916	15,794,011
Unearned interests on payables	(209,827)	(158,466)
Expense accruals	2,624,206	1,849,321
Trade Payables To Third Parties	108,468,140	81,448,615
Payables to related parties (Note 6-i-b)	5,217,212	7,741,177
Unearned interests on notes payables to related parties (Note 6-i-b)	(101,163)	(41,019)
Trade Payables to Related Parties	5,116,049	7,700,158
Total Short Term Trade Payables	113,584,189	89,148,773

As of 30 September 2017, the average maturity of trade payables are 39 days (31 December 2016: 52 days).

As of 30 September 2017, sureties were given amounting to USD 6,096,210 (TRY 21,654,349) and TRY 1,951,198 for trade payables of the Group by bank (31.12.2016: USD 2,766,613 (TRY 9,736,264) and EUR 110,900 (TRY 411,428)). (Note:18).

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As of 30 September 2017 and 31 December 2016, maturity breakdown of notes payables are as follows:

	30.09.2017	31.12.2016
1 – 30 days	10,839,888	5,481,068
31 – 60 days	7,832,538	4,514,415
61 – 90 days	3,464,832	2,754,855
91 – 120 days	2,948,428	882,831
121 – 150 days	1,722,230	2,160,842
	26,807,916	15,794,011

Long Term Trade Payables

	30.09.2017	31.12.2016
Trade Payables	-	19,635,759
	-	19,635,759

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NOTE 8 – FINANCIAL BORROWINGS

	30.09.2017	31.12.2016
Short Term Borrowings:		
TRY borrowings	3,470,478	42,319
USD borrowings	87,178,264	144,072,581
EUR borrowings	98,386,169	110,248,821
GBP borrowings	361,475	368,570
Accrued Interest of Short Term Borrowings:		
TRY accrued interest of borrowings	68,378	-
USD accrued interest of borrowings	229,418	404,831
EUR accrued interest of borrowings	12,964	278,302
GBP accrued interest of borrowings	68	69
Short Term Financial Borrowings	189,707,214	255,415,493
Lease Payables:		
EUR lease payables, net	4,111,460	5,604,488
Borrowings		
USD borrowings	13,706,510	3,076,660
EUR borrowings	77,600,952	22,869,303
Accrued Interests of Long Term Borrowings		
USD accrued interest of borrowings	743,258	347,830
EUR accrued interest of borrowings	3,064,426	1,070,908
Current Installments of Long-Term Borrowings	99,226,606	32,969,189
Long Term Lease Payables:		
EUR lease payables, net	469,839	2,547,808
Long Term Borrowings:		
USD borrowings	22,601,358	18,299,634
EUR borrowings	220,962,996	85,272,727
Long Term Financial Borrowings	244,034,193	106,120,169
Total Financial Liabilities	532,968,013	394,504,851

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As of 30 September 2017 and 31 December 2016, maturity analyses of borrowings and other financial borrowings are as follows:

	30.09.2017	31.12.2016
Within 3 months	129,609,249	120,843,551
Between 3 - 12 months	151,094,599	159,834,703
Between 1 - 5 years	174,392,322	73,090,446
More than 5 years	69,172,032	30,481,915
	524,268,202	384,250,615

As of 30 September 2017 and 31 December 2016, maturity schedule of long term bank borrowings are as follows:

	30.09.2017	31.12.2016
Between 1-2 years	65,246,376	26,501,708
Between 2-3 years	48,690,115	19,719,706
Between 3-4 years	34,016,715	14,491,839
Between 4-5 years	26,439,120	12,377,195
Between 5-6 years	13,967,981	6,958,956
Between 6-7 years	13,967,979	6,526,750
Between 7-8 years	9,989,787	4,983,348
Between 8-9 years	9,892,375	2,750,343
Between 9-10 years	9,892,374	2,664,143
Between 10-11 years	5,083,446	2,664,143
Between 11-12 years	2,551,236	2,664,143
Between 12-13 years	2,551,236	423,363
Between 13-14 years	1,275,614	423,363
Between 14-15 years	-	423,361
	243,564,354	103,572,361

As of 30 September 2017, effective interest rates for USD, EUR and GBP bank loans are 3.59%, 3.43% and 3.40% (31.12.2016: USD 3.24%, EUR 3.32% and GBP 3.40%) respectively.

For the bank loans used, the Group has a pledge on their bank deposits.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 130,950,000 (TRY 465,147,495), EUR 21,000,000 (TRY 88,040,400) and TRY 73,910,000.

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As of 30 September 2017 and 31 December 2016, the details of financial leasing borrowings of Group are as follows:

	30.09.2017	31.12.2016
Short term lease payables	4,207,339	5,835,314
Borrowing cost of deferred lease payables (-)	(95,879)	(230,826)
	4,111,460	5,604,488
	30.09.2017	31.12.2016
Long term lease payables	474,236	2,598,464
Borrowing cost of deferred lease payables (-)	(4,397)	(50,656)
	469,839	2,547,808

As of 30 September 2017, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	4,207,339	(95,879)	4,111,460
Between 1 – 2 years	474,236	(4,397)	469,839
	4,681,575	(100,276)	4,581,299

As of 31 December 2016, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	5,835,314	(230,826)	5,604,488
Between 1 – 2 years	2,480,094	(49,450)	2,430,644
Between 2 – 3 years	118,370	(1,206)	117,164
	8,433,778	(281,482)	8,152,296

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30.09.2017	31.12.2016
Deposit and guarantees given	194,326	11,700
VAT return receivables	8,158,127	3,182,540
Other receivables	-	1,998,969
Checks and notes received as advance	-	50,000
Other Receivables from Third Parties	8,352,453	5,243,209
Receivables from shareholders (Note 6-i-c) (*)	93,624,391	95,754,169
Receivables from related parties (Note 6-i-c)	-	136,269
Other Receivables From Related Parties	93,624,391	95,890,438
Total Other Current Receivables	101,976,844	101,133,647

As of 30 September 2017, non-trade receivables from related parties comprise 16.68% of total current assets and 8.99% of total assets. (As of 31 December 2016, it composes 24.94% of the total current assets and 11.44% of total assets).

(*) The amount of receivables from shareholders consists of financial receivables from Osman Akça Tarım Ürün. İth. İhr. San. Ve Tic. A.Ş. and is not based on any type of protocol. Interest for the amount is calculated and reflected to the accompanying consolidated financial statements. For the period of 01.01-30.09.2017, the calculated interest for the amount, TRY 6,933,439 is recorded on the accompanying income statement.

Other Non-Current Receivables

	30.09.2017	31.12.2016
Deposits and guarantees given	160,978	175,624
	160,978	175,624

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Other Current Payables

	30.09.2017	31.12.2016
Deposit and guarantees received	8,400	-
Taxes and funds payables	1,672,858	1,684,599
SSI premiums suspended under Law No. 6770	6,182,615	1,647,699
Other Payables to Third Parties	7,863,873	3,332,298
Payables to shareholders (Note 6-i-d)	744,810	670,938
Payables to related parties (Note 6-i-d)	-	181,829
Other Payables to Related Parties	744,810	852,767
Total Other Current Payables	8,608,683	4,185,065

NOTE 10 – DERIVATIVE INSTRUMENTS

	30.09.2017	31.12.2016
Income accrual of forward exchange	271,982	444,784
	271,982	444,784
	30.09.2017	31.12.2016
Expense accrual of forward exchange	1,047,092	-
	1,047,092	-

NOTE 11 – INVENTORIES

	30.09.2017	31.12.2016
Raw materials	114,115,819	88,680,484
Work in progress	123,059,662	60,271,642
Finished goods	38,189,904	26,581,922
Merchandises	570,691	597,620
Other inventories	420,882	-
	276,356,958	176,131,668

All of the Group inventory is covered by insurance coverage.

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NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	30.09.2017	31.12.2016
Biological assets (Tomato)	2,530,553	5,758,644
	2,530,553	5,758,644

Group’s biological assets consist of tomatoes. If available impairment and cost is indicated after provision in the consolidated financial statements due to no presence of active market for growing tomatoes, they are reflected in the accompanying consolidated financial statements with their cost values, if there is impairment, they are reflected to financial statements after accounting of provision.

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	30.09.2017	31.12.2016
Order advances given	5,912,598	634,335
Prepaid expenses	734,979	1,050,227
Advances given for business purposes	67,074	95,076
	6,714,651	1,779,638

Long Term Prepaid Expenses

	30.09.2017	31.12.2016
Advances given for purchases of tangible assets	6,960,395	1,854,883
Prepaid expenses	169,435	211,026
	7,129,830	2,065,909

Short Term Deferred Income

	30.09.2017	31.12.2016
Advances received	8,260,580	14,984,940
Deferred income	310,734	310,727
	8,571,314	15,295,667

Long Term Deferred Income

	30.09.2017	31.12.2016
Deferred income	286,046	518,458
	286,046	518,458

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NOTE 14 – ASSETS RELATED TO CURRENT YEAR TAX

	30.09.2017	31.12.2016
Prepaid taxes and funds	74,412	479,406
	74,412	479,406

NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 30 September 2017 and 31 December 2016, the companies accounted according to the equity pick up method are as follows:

	30.09.2017	Share (%)	31.12.2016	Share (%)
Menderes Tekstil Pazarlama A.Ş.	9,365,277	45%	8,664,532	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	153,231,960	48%	143,845,862	48%
	162,597,237		152,510,394	

The total assets, liabilities and owner’s equity of the investments which are evaluated by the equity pick up method with their summary of income statement related to the periods ended 30 September 2017 and 31 December 2016 are as follows:

Menderes Tekstil Pazarlama A.Ş.

	30.09.2017	31.12.2016
Current assets	37,498,314	22,953,623
Non-current assets	10,378,413	10,498,801
Total Assets	47,876,727	33,452,424
Current liabilities	26,585,145	13,796,692
Non-current liabilities	479,855	401,216
Shareholders’ equity	20,811,727	19,254,516
Total Equities	47,876,727	33,452,424
Sales, net	62,025,040	67,785,471
Cost of sales	(59,608,523)	(65,071,076)
Net profit / (loss)	1,554,110	(6,929,726)

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	30.09.2017	31.12.2016
Current assets	89,092,146	78,535,787
Non-current assets	314,442,157	342,969,701
Total Assets	403,534,303	421,505,488
Current liabilities	57,348,275	63,295,852
Non-current liabilities	26,952,777	58,530,757
Shareholders’ equity	319,233,251	299,678,879
Total Equities	403,534,303	421,505,488
Sales, net	211,419,422	262,268,806
Cost of sales	(183,986,236)	(224,037,011)
Net profit / (loss)	25,065,307	42,143,262

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NOTE 16 – TANGIBLE FIXED ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2016 opening balance	4,765,171	67,260,925	69,060,171	292,612,606	1,909,025	12,412,526	444,124	448,464,548
Additions	-	-	289,665	4,572,047	567,058	1,589,478	43,149,513	50,167,761
Disposals	-	-	(573,948)	(98,609)	(136,125)	(109,074)	-	(917,756)
Transfers	-	5,961,482	980,808	29,234,264	-	(456,160)	(35,720,394)	-
31 December 2016 closing balance	4,765,171	73,222,407	69,756,696	326,320,308	2,339,958	13,436,770	7,873,243	497,714,553
Additions	-	-	-	16,829,213	779,064	1,158,663	16,430,511	35,197,451
Disposals	-	-	-	(38,290)	(102,792)	(10,752)	(7,273)	(159,107)
Transfers	-	-	-	5,079,780	-	9,322	(5,089,102)	-
30 September 2017 closing balance	4,765,171	73,222,407	69,756,696	348,191,011	3,016,230	14,594,003	19,207,379	532,752,897
Accumulated Depreciation								
01 January 2016 opening balance	-	9,444,565	16,531,528	170,578,254	921,270	3,865,614	-	201,341,231
Additions	-	3,919,179	1,388,499	17,917,331	287,884	1,652,318	-	25,165,211
Disposals	-	-	(104,917)	(84,581)	(116,317)	(96,355)	-	(402,170)
Transfers	-	414,734	-	(293,158)	-	(121,576)	-	-
31 December 2016 closing balance	-	13,778,478	17,815,110	188,117,846	1,092,837	5,300,001	-	226,104,272
Additions	-	2,820,594	1,052,910	15,869,647	342,569	1,325,940	-	21,411,660
Disposals	-	-	-	(38,290)	(102,792)	(1,406)	-	(142,488)
30 September 2017 closing balance	-	16,599,072	18,868,020	203,949,203	1,332,614	6,624,535	-	247,373,444
31.12.2016, Net Book Value	4,765,171	59,443,929	51,941,586	138,202,462	1,247,121	8,136,769	7,873,243	271,610,281
30.09.2017, Net Book Value	4,765,171	56,623,335	50,888,676	144,241,808	1,683,616	7,969,468	19,207,379	285,379,453

As of 30 September 2017, the depreciation expense of tangible fixed assets for the period is TRY 21,411,660 (31 December 2016: TRY 25,165,211).

As of 30 September 2017, fixed assets are insured for TRY 8,064,188, EUR 30,652,740 (TRY 128,508,547) and USD 119,071,700 (TRY 422,954,586). (31 December 2016: TRY 3,055,254; 21,921,500 EUR (TRY 81,326,573) and USD 112,730,000 (TRY 396,719,416)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 465,147,495), EUR 21,000,000 (TRY 84,040,400) and TRY 73,910,000.

As of 30 September 2017, net book value of leasing machines is TRY 12,477,890. (31 December 2016: TRY 16,564,907)

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NOTE 17 – INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
01 January 2016 opening balance	484,787	326,035	810,822
Additions	14,176	69,589	83,765
Disposals	-	-	-
31 December 2016 closing balance	498,963	395,624	894,587
Additions	2,559	462,469	465,028
Disposals	-	-	-
30 September 2017 closing balance	501,522	858,093	1,359,615
Accumulated Depreciation			
01 January 2016 opening balance	413,295	189,005	602,300
Additions	58,911	75,358	134,269
Disposals	-	-	-
31 December 2016 closing balance	472,206	264,363	736,569
Additions	10,189	107,276	117,465
Disposals	-	-	-
30 September 2017 closing balance	482,395	371,639	854,034
31.12.2016, Net Book Value	26,757	131,261	158,018
30.09.2017, Net Book Value	19,127	486,454	505,581

As of 30 September 2017, the amortization expense of intangible fixed assets for the period is TRY 117,465 (31 December 2016: TRY 134,269).

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 September 2017 and 31 December 2016, the Group's guarantee / security / mortgage position are as follows:

Guarantees, security and mortgage (GSM) given by the Group	30.09.2017	31.12.2016
A. Total Amount of GSM given on behalf of legal entity	846,531,129	766,664,266
B. Total Amount of GSM given for partnerships which included in full consolidation	35,764,023	31,647,970
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Company</i>	None	None
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
Total	882,295,152	798,312,236

For the credits, avals do not exist in favor of related parties by Group. For credit contracts of the Group, USD 112,250,000 (TRY 398,723,225), EUR 7,500,000 (TRY 31,443,000 TL) and TRY 107,500,000 avals are provided by related parties (Akça Holding and Osman Akça) (31 December 2016: USD 113,750,000 (TRY 400,309,000), EUR 7,500,000 (TRY 27,824,250) and TRY 107,500,000).

As of 30 September 2017, the details of the guarantee given by the subsidiary Tan Elektrik for the investment loan are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Commerzbank AG	EUR	8,530,680	4.1924	35,764,023
				35,764,023

As of 30 September 2017, details of mortgage on lands and buildings are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	72,310,000	1.0000	72,310,000
Türkiye Vakıflar Bankası T.A.O	USD	130,950,000	3.5521	465,147,495
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	21,000,000	4.1924	88,040,400
				627,097,895

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As of 30 September 2017, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	2,337,936	1.0000	2,337,936
Energy Market Regulatory Authority	TRY	2,219,902	1.0000	2,219,902
Customs Administration	TRY	8,311,788	1.0000	8,311,788
Credit Guarantee	USD	915,000	3.5521	3,250,172
Credit Guarantee	EUR	12,994,000	4.1924	54,476,046
Credit Guarantee	EUR	254,400	4.1924	1,066,547
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,090,899	1.0000	1,090,899
				73,378,959

As of 30 September 2017, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	13,334,314	1.0000	13,334,314
Türkiye Vakıflar Bankası T.A.O.	EUR	254,400	4.1924	1,066,547
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	TRY	1,193,880	1.0000	1,193,880
Denizbank A.Ş.	EUR	12,994,000	4.1924	54,476,046
Türkiye Finans Katılım Bankası A.Ş.	USD	915,000	3.5521	3,250,172
				73,378,959

As of 30 September 2017, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	6,096,210	3.5521	21,654,349
Türkiye Vakıflar Bankası T.A.O	TRY	1,951,198	1.0000	1,951,198
				23,605,547

As of 30 September 2017, the Group’s time deposits within the 3 months have not hypothec against loans used from banks (31.12.2016: USD 2,450,000 (TRY8,622,040)).

As of 30 September 2017, the Group’s time deposits longer than 3 months have not hypothec against loans used from banks (31.12.2016: USD 950,000 (TRY 3,343,240)).

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As of 30 September 2017, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş.	USD	9,000,000	3.5521	31,968,900
Eximbank A.Ş.	USD	25,000,000	3.5521	88,802,500
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	3.5521	33,744,950
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	3.5521	13,320,375
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	4.1924	31,443,000
Türkiye Finans katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş.	USD	65,000,000	3.5521	230,886,500
				537,666,225

As of 30 September 2017, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	481,875	3.5521	1,711,668
Eximbank	EUR	641,250	4.1924	2,688,377
				4,400,045

As of 30 September 2017, bank details of the bonds are as follows:

Bond	Bank Name	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	14,850,000	3.5521	52,748,685
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	EUR	9,600,000	4.1924	40,247,040
Türk Eximbank	Denizbank	EUR	2,000,000	4.1924	8,384,800
Türk Eximbank	Halkbank A.Ş.	USD	2,250,000	3.5521	7,992,225
Türk Eximbank	Halkbank A.Ş.	EUR	6,500,000	4.1924	27,250,600
Türk Eximbank	Şekerbank T.A.Ş.	EUR	700,000	4.1924	2,934,680
T.C. Merkez Bankası	Türkiye İş Bankası A.Ş.	EUR	500,000	4.1924	2,096,200
					141,654,230

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NOTE 19 – SHORT TERM PROVISIONS

Other Short Term Provisions

	30.09.2017	31.12.2016
Provision for unused personnel vacation	2,244,854	1,683,347
Provision for the lawsuits	371,732	190,513
	2,616,586	1,873,860

Long Term Provisions for Employee Benefits

	30.09.2017	31.12.2016
Provision for severance pay	28,032,444	26,646,229
	28,032,444	26,646,229

For the period of 01 January – 30 September 2017, average personnel number employed by the Group is 3,996. (01.01-31.12.2016: 4,016). The rate of retirement probability used is 98%. (01.01-31.12.2016: 98%)

For the period ended at 30 September 2017 and 31 December 2016, the movement schedule of severance pay provision is as follows:

	30.09.2017	31.12.2016
Balance of 01 January	26,646,229	18,095,801
Increase in the period	6,351,413	9,147,824
Interest cost	1,225,261	1,260,330
Payments	(3,813,656)	(3,283,080)
Actuarial profit/(loss)	(2,376,803)	1,425,354
Balance at the end of the period	28,032,444	26,646,229

NOTE 20 – EMPLOYEE BENEFIT LIABILITIES

	30.09.2017	31.12.2016
Due to personnel	9,152,043	4,753,791
Social security deductions payable	2,729,936	1,731,782
	11,881,979	6,485,573

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NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	30.09.2017	31.12.2016
VAT carried forward	35,321,403	32,120,551
Provision of tax base increase under Law No. 6736	-	1,647,699
	35,321,403	33,768,250

NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

As of 30 September 2017, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 1 nominally (31 December 2016: 250,000,000 units).

As of 30 September 2017 and 31 December 2016, Group’s paid in capital is as follows:

Shareholders:	30.09.2017		31.12.2016	
	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	47.20%	117,989,943.63	47.32%	118,289,943.63
Akça Holding A.Ş.	50.41%	126,029,500.53	50.29%	125,729,500.53
Others	2.39%	5,980,555.84	2.39%	5,980,555.84
Total	100.00%	250,000,000	100.00%	250,000,000

According to Group’s main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders.

22.2 Inflation Adjustments of Shareholders’ Equity

	30.09.2017	31.12.2016
Inflation adjustment of shareholders’ equity	485,133	485,133
	485,133	485,133

22.3 Accumulated Other Comprehensive Income/(Expenses) not to be reclassified on Profit or (Loss)

22.3.1 Defined Benefit Plans Re-Measurement Gains (Losses)

	30.09.2017	31.12.2016
Defined Benefit Plans Re-Measurement Gains (Losses)	2,546,859	656,789
	2,546,859	656,789

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22.4 Restricted Reserves

	30.09.2017	31.12.2016
Legal reserves	10,209,777	10,209,777
	10,209,777	10,209,777

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 %, until the total reserve reaches a maximum of 20 % of the Group's share capital. The second legal reserve is appropriated at the rate of 10 % of all distributions in excess of 5 % of the Group's share capital. The first and second legal reserves are not available for distribution unless they exceed 50 % of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

Profit Distribution

Dividend Capital Markets Board Communiqué prepared in accordance with article 13 of the "Profit Share Guide", published in the Official Gazette dated 23 January 2014 and entered into force on 1 February 2014. Regulations and explanations which are in the dividends declaration and dividends guide are summarized as follows: profit distribution will be determined by the general assembly, the dividend Distribution Policy is still within the framework of the decision of the general assembly will be distributed. Of subsidiaries profit distribution policy when determining whether or not to profit distribution or shall decide. In this context, profit distribution is arbitrary in principle. The CMB of the company's profit distribution policy according to the qualities of the different principles will be able to identify.

If subsidiaries profit distribution policies: Profit not distributed, share of profit rates, and these rates apply to the account pen, methods of payment and time, the share of profit in cash or as bonus shares cannot be distributed (for companies traded on the stock exchange), distributed profit share advance issues not regulated.

Amount of dividend to be distributed to the upper limit, in the statutory records, the relevant sources of profit distribution of the distributable amount to much. The profit share, as of the date of distribution to the existing shares, as a rule, are distributed evenly. Of shares acquired date of issuance and shall not be taken into account. Of shares acquired date of issuance and shall not be taken into account. According to the Turkish code of Commerce reserves to be allocated to the contract and the profit distribution policy prescribed for partners share of profit is not allocated unless otherwise reserve, to transfer profit to the next year.

Provided in the articles of privileged shares to owners of redeemed shares or, to the members of the board of directors, employees and non-shareholders, other persons may be given a share of the profits. However, the dividend determined for the shareholders in cash, and payment of dividend shares to owners, board members, employees and other persons, the dividend may not be paid. Communiqué, in principle, with the exception of preferred shares, deemed to be paid to the person in relation to the dividend amount in the articles of incorporation, a determination is not made, distributed to them the maximum amount to be distributed to the shareholders, a dividend of up to 1/4 could be envisaged. Share of persons other than the owner of the profit share to be distributed, and the payment in instalments, the installment amounts, to the shareholders of installment payments to be made in proportion to, and shall be paid according to the same principles.

The new Capital Market Law and, therefore, the new Communiqué, the subsidiaries of the possibility of a donation. However, it is in the articles of association, the terms to be sought. The amount of the donations by the general assembly, which can be determined with the CMB upper limit will be able to bring.

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22.5 Retained Earnings / Losses

In accordance with the communiqué Serial: XI No: 29, effective from 1 January 2008, and its related announcements, “Paid-in Share Capital”, “Restricted Reserves Appropriated from Profit” and “Share Premium” should be presented with statutory amounts. The restatement differences arise during the application of the communiqué should be presented in “Adjustment to Share Capital”, if the difference is resulted from paid-in share capital and not has not added to capital yet; should be presented in “Retained Earnings / Losses”, if the difference is resulted from “Restricted Reserves Appropriated from Profit” and “Share Premium” and has not been subject to profit distribution or has not added to capital yet.

According to the decision dated 30 December 2003 and numbered 66/1630 of Capital Market Board, “Previous Year’s Losses” account which arises from first time application of inflation adjustment on financial statements is taken into consideration as deductible item, during the calculation of distributable profit for the inflation adjusted financial statements under the profit distribution principles of the Capital Market Board. Nonetheless, it is also possible to set off “Previous Year’s Losses” with the Company’s current profit and accumulated profit. The remaining part of prior year’ loss is possibly set off extraordinary reserves, legal reserves and inflation effect on shareholder’s equity account, respectively.

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. Until the Company’s legal reserve reaches 20% of the nominal paid-up share capital, legal reserves are set aside as the first 5% of net income. The second legal reserve, on 5% of the Company’s share capital is divided into 10% of all profits from the distribution. According to the Turkish Commercial Code, legal reserves for distribution unless they exceed 50%, but can be used to offset losses at the point of profit reserves have been exhausted.

22.6 Minority Interest

The details of the minority interests as of 30 September 2017 are as follows:

30 September 2017	Total Shareholders’ Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	8,961,610	326,857	79.17%	20.83%	1,867,003	68,095	77,871
Tan Elektrik	8,912,070	(4,336,186)	67.90%	32.10%	1,579,110	(1,391,916)	(1,390,353)
Akça Enerji	23,702,009	(6,602,325)	80.42%	19.58%	(3,316,753)	(1,292,998)	(1,292,964)
					129,360	(2,616,819)	(2,605,446)

The details of the minority interests as of 31 December 2016 are as follows:

31 December 2016	Total Shareholders’ Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	8,587,829	(2,637,940)	%79.17	%20.83	1,789,132	(549,571)	(552,668)
Tan Elektrik	13,243,386	(9,082,789)	%67.90	%32.10	2,969,463	(2,915,575)	(2,917,852)
Akça Enerji	30,304,165	(14,667,351)	%80.42	%19.58	(2,023,788)	(2,872,453)	(2,870,741)
					2,734,807	(6,337,599)	(6,341,261)

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NOTE 23 – SALES AND COST OF SALES

23.1 Sales

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Domestic sales	111,210,868	97,625,287	36,632,545	29,048,714
Export sales	464,808,210	377,122,549	256,776,854	213,473,991
Other sales	2,739,971	453,357	1,230,386	93,274
	578,759,049	475,201,193	294,639,785	242,615,979
Sales returns	(432,886)	(288,476)	(298,023)	(150,460)
Discount on sales	-	(3,604,276)	-	(2,421,860)
Sales Income, (net)	578,326,163	471,308,441	294,341,762	240,043,659

23.2 Cost of Sales

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Direct material expenses	354,540,378	246,849,542	123,088,515	72,690,610
Direct labor expenses	87,484,817	81,150,267	30,474,910	23,848,796
General production expenses	43,312,580	24,427,598	20,272,735	15,861,193
Depreciation expenses	10,897,249	11,048,718	4,006,871	3,796,872
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods(+)	60,271,642	77,397,858	-	-
2. Ending semi-finished goods (-)	(123,059,662)	(66,247,355)	(1,371,441)	17,082,000
Cost of finished goods produced	433,447,004	374,626,628	176,471,590	133,279,471
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	26,581,922	34,979,947	-	-
2. Ending inventory (-)	(38,189,904)	(33,156,580)	41,217,795	54,560,589
Cost of finished goods sold	421,839,022	376,449,995	217,689,385	187,840,060
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	597,620	418,633	-	-
2. Purchases during the period (+)	5,832,818	6,989,723	1,999,990	3,118,094
3. Ending merchandise inventory (-)	(570,691)	(604,551)	(97,850)	(176,394)
Cost of merchandises sold	5,859,747	6,803,805	1,902,140	2,941,700
Cost of other service rendered	601,616	612,526	46,412	42,934
Cost of other sales	4,213,018	3,208,248	1,791,637	3,208,248
Cost of biological assets	13,525,060	10,061,662	1,626,674	3,987,744
Depreciation of biological assets	1,654,449	1,768,562	547,878	590,327
Energy costs	6,850,352	2,871,438	2,680,267	718,346
Energy depreciation	8,461,782	5,425,730	2,834,309	1,806,957
Cost of sales, net	463,005,046	407,201,966	229,118,702	201,136,316

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As of 01 January – 30 September 2017 and 2016, for each main production group, quantities of goods and services:

	Unit	01.01.- 30.09.2017	01.01.- 30.09.2016
Yarn	Kg	10,608,170	9,163,097
Raw Clothing	Mt2	90,074,483	91,575,944
Finishing Cloth	Mt2	142,064,610	132,536,584
Lining	Mt2	12,943,237	15,190,433
Linens, Sheets, Curtains, Pillows	Unit	15,847,418	13,469,542
Electricity	Kwh	114,006,116	95,095,106
Cotton Waste	Kg	132,812	412,228
Piece of Cloth	Kg	2,884,838	1,746,215
Yarn Waste	Kg	664,519	718,708
Textile Trash Powder	Kg	175,777	119,199
Tomato	Kg	5,873,107	5,109,418

As of 01 January – 30 September 2017 and 2016, for each main sales group, quantities of goods and services:

	Unit	01.01.- 30.09.2017	01.01.- 30.09.2016
Yarn	Kg	1,153,205	2,754,035
Finishing Cloth	Mt2	14,006,620	11,261,870
Lining	Mt2	13,750,909	14,734,325
Linens, Sheets, Curtains, Pillows	Unit	15,279,031	13,225,544
Electricity	Kwh	51,923,310	37,052,952
Cotton Waste	Kg	88,440	240,580
Piece of Cloth	Kg	3,031,320	2,903,040
Yarn Waste	Kg	685,700	729,880
Textile Trash Powder	Kg	177,740	108,600
Tomato	Kg	5,873,107	5,109,418

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NOTE 24 –GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Marketing, sales and distribution expenses	18,631,871	12,312,801	8,675,547	5,097,879
General administrative expenses	11,986,180	11,520,698	4,805,498	4,459,303
	30,618,051	23,833,499	13,481,045	9,557,182

24.1 Marketing Expenses

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Personnel expenses	5,023,404	4,170,143	1,798,055	1,536,833
Export expenses	11,942,298	6,593,087	6,149,562	3,286,987
Transportation of domestic sale	492,678	553,207	326,137	73,486
Depreciation expenses	15,161	31,766	4,916	11,298
Severance pay	74,193	143,615	53,331	(3,706)
Fair expenses	464,159	463,572	174,369	132,907
Other expenses	619,978	357,411	169,177	60,074
	18,631,871	12,312,801	8,675,547	5,097,879

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24.2 General Administrative Expenses

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Personnel expenses	4,948,472	3,754,547	2,623,855	1,754,752
Insurance expenses	584,290	540,415	44,728	210,847
Vehicle and office rent expenses	708,820	478,818	310,145	148,925
Education and consultancy expenses	523,375	717,956	143,656	228,386
Office expenses	1,126,555	932,200	1,069,260	743,603
Capital market expenses	126,055	40,133	48,627	1,500
Repair and maintenance expenses	107,720	134,701	27,829	19,287
Travelling expenses	216,841	252,882	50,267	95,534
Membership expenses	111,867	26,163	31,862	10,288
Tax and duty expenses	452,468	682,289	1,093	287,139
Shares in holding cost (*)	452,226	522,500	110,961	237,127
Aid and donation expenses	473,739	553,308	135,586	548,583
Lawsuit expenses and provisions	189,246	189,206	2,316	1,004
Provision for severance pay expense	315,785	421,508	215,022	102,061
Provision for unused personnel leave	524,417	966,774	(89,813)	(70,973)
Provision for doubtful receivables	34,677	3,356	(5,771)	-
Depreciation expenses	577,549	516,721	44,578	21,936
Other expenses	512,078	787,221	41,297	119,304
	11,986,180	11,520,698	4,805,498	4,459,303

(*) Regarding expenses are consists of personnel expenses reflected to the Group by Akça Holding.

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NOTE 25 – OTHER OPERATING INCOME/ (EXPENSES)

25.1 Other Income From Operating Activities

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Reversal of unnecessary provision	45,824	10,976	-	8,976
Insurance compensation income	-	1,944,397	-	157,537
Foreign exchange gains related to commercial activities	8,382,396	3,908,156	3,069,406	888,007
Discount income / expenses on payables, net	1,124,153	1,024,992	162,285	(242,489)
Incentive and support income	9,308	192,743	-	157,457
Rental income	367,338	341,658	132,023	114,193
Other income and profit	3,275,016	1,123,640	1,939,938	903,443
	13,204,035	8,546,562	5,303,652	1,987,124

25.2 Other Expenses From Operating Activities (-)

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Commissions expenses	588,174	300,318	127,271	123,307
Exchange losses in trade operations	8,350,507	4,374,853	1,824,876	2,002,753
Discount income / (expenses) on trade receivables	1,490,874	967,970	63,853	(123,672)
Other expenses and losses	1,859,894	406,519	748,907	71
	12,289,449	6,049,660	2,764,907	2,002,459

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NOTE 26 – INVESTMENT ACTIVITIES INCOME / EXPENSE

26.1 Income from Investment Activities

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Profit on sale of fixed assets	55,046	104,407	-	33,575
	55,046	104,407	-	33,575

26.2 Expenses from Investment Activities (-)

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Losses on sale of fixed assets	75	6,897	-	-
	75	6,897	-	-

26.3 Profit / Loss From Investments Evaluated by Equity Pick-up Method

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Shares related with investment valued by the equity pick-up method	10,086,843	11,194,110	2,121,057	5,656,223
	10,086,843	11,194,110	2,121,057	5,656,223

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NOTE 27 – FINANCIAL INCOME / EXPENSES

27.1 Financial Income

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Interest income	224,560	350,814	54,835	105,279
Maturity differences income from related parties (6-iii-g)	6,937,103	8,204,182	2,489,558	2,674,916
Foreign exchange income regarding financial activities	10,906,351	5,007,138	1,358,605	(3,128,022)
Foreign exchange income from related parties (6-iii-f)	149,488	319,936	124,979	-
Foreign exchange income arising from future contracts	561,165	1,495,481	49,539	(165,530)
	18,778,667	15,377,551	4,077,516	(513,357)

27.2 Financial Expenses (-)

	01.01.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2017	01.07.- 30.09.2016
Interest expenses	11,482,500	11,301,115	4,251,389	4,242,720
Interest expenses from related parties (6-iii-i)	-	142,682	-	118,652
Foreign exchange losses	42,923,008	18,414,848	17,281,335	14,361,463
Foreign exchange losses on related parties (6-iii-h)	-	480,736	-	365,516
Commission expenses of borrowings	1,550,273	2,830,198	403,634	880,246
Maturity differences expenses	412,416	380,154	158,795	136,797
Maturity differences expenses from related parties (6-iii-j)	-	24,950	-	7,345
Foreign exchange losses arising from futures contracts	2,332,313	1,792,636	796,709	(441)
Other financial expenses	1,454,855	974,549	435,260	315,162
	60,155,365	36,341,868	23,327,122	20,427,460

NOTE 28 – TAX ASSETS AND LIABILITIES

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group’s current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

The applied effective interest rate in the year of 2017 is 20% (2016: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2017 (2016: 20%).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-25 Aprils coming after the related year’s balancing period (for the companies having special account period, between 1-25 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

There are some exceptions on Corporation Tax Law. These exceptions that company will possibly utilize are explained as below;

Taxable losses

According to Turkish Tax Legislation, deduction of financial losses which are decelerated on financial statements, are possible to deduct from profit of the company with the condition not exceeding 5 years. However, financial losses are not possible to be set-off from previous year profits.

Issue Premium Exception

The Premium income provided by the disposing of stocks, formed whiles the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

The Real Estate and Subsidiary Share Sales Gain Exemption

The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter’s stock and perpetual bonds are exemptions of Corporation tax. In order to benefit from exemption, the questioned income should be kept in a fund account in liabilities and should not be removed of operation during 5 years. The sale price should be received at the end of the following 2nd calendar year. Corporations getting income from the sale of such kind of values they own, like Stocks and bonds and real estate trading and renting are beyond the scope of exemption.

Investment Allowance Exemptions

Post abolishment of the law numbered 5479, temporary 69 th article is added to Income Tax Legislation related investment allowance.

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According to this execution, Income and Corporation Taxpayers;

a. As of 31 December 2005, its existence is subject and the investment allowance amount that was not able to be deducted from 2005 earnings,

b. In the extent of investment incentive certificate which were issued and based on the application before 24 April 2003, ante abolishment of Income Tax Legislation numbered 193 and dated 09 April 2003 and law numbered 4842, in the extent of certificate the commenced investment projects relying on 1, 2, 3, 4, 5 and 6th the article of appendix and the ones commenced after 01 January 2006,

c. In the extent of abolished 19th article of Income Tax Legislation numbered 193, the started investments prior to 01 January 2006, in terms of economical and technical completeness the ones started post the date,

In terms of regulatory provisions effective on 31 December 2005, calculated amounts of exemptions from investment allowances, again in the extent of legal provisions valid on 31 December 2005 (including tax rate related legal provisions) was deducted merely from earnings of 2006, 2007 and 2008. However, with the decision numbered 2006/95, which was taken during the meeting of the Constitutional Court on 15 October 2009, the phrase “... only related to the years 2006, 2007 and 2008...” which was a part of the Temporary Article 69 of the Income Tax Law was cancelled and the cancellation became effective from the date the decision has been published in the Official Gazette on 8 January.2010. According to the decision, the investment incentive amount outstanding that cannot be deducted from 2008 taxable income previously will be deducted from taxable income of the subsequent profitable years.

Regarding the cancellation decision taken by the Constitutional Court, an amendment was made in the 69th article in Income Tax Regulation using the regulation numbered 6009 and dated 23/07/2010. Consequently, in compliance with the cancellation decision of the Constitutional Court, the year limitation has been abolished and investment allowance has been limited to 25% of the profit. Corporate tax ratio of 30% in the previous regulation for the ones who benefit from investment allowance has been decreased to the effective corporate tax with the amendment made (2010: 20%).

Within the frame of the Communiqué “Decision regarding Government Incentive Assistance in Investment” dated 16 July 2009 and numbered 2009/01, newly investing companies are held subject to investment incentives based on the some regions.

Investment incentives and grants are; discount in corporation and income taxes (differs from region to region), provision for the investment, interest support.

Group is qualified for the investment incentives stated above due to the current and future investment expenditures. The investment area is within the 2nd Region according to the law numbered 5520, article 32/A; so the Company is qualified for 55% discount on corporation tax rate, which reduces corporation tax rate to 9% in accordance with Communiqué, 20% of total investment expenditures will be deducted from accrued corporation tax amount in the coming periods.

Withholding tax

In addition to Corporation tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 income tax stoppage rate was changed as 15%. Dividends that are added to capital without distribution are not subject to income tax stoppage. It is necessary to make tax withholding at 19.8% over investment allowance balance utilized based on investment incentive certificate taken before 24 April 2003. 40% or 30% of group activities directly related to production investment certificate investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

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Deferred Tax:

The potential deferred tax assets/(liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	30.09.2017		31.12.2016	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	521,650	104,330	302,770	60,554
Severance pay provision	28,032,444	5,606,489	26,646,229	5,329,245
Unused leave provisions	2,244,860	448,972	1,683,347	336,669
Reversal of capitalized financial expenses	16,397,718	3,279,543	34,530,925	6,906,185
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	17,811,677	4,232,502	14,349,651	3,442,151
Tangible fixed assets (land, building, land improvements and depreciations), net	11,328,852	123,921	12,693,608	269,437
Deductible retained losses	2,461,434	492,287	3,254,308	650,862
Other	4,739,248	947,848	4,115,021	823,007
Deferred tax assets		15,235,892		17,818,110
<u>Deferred tax liabilities:</u>				
Liability discounts	821,389	164,278	969,224	193,842
Forward	-	-	444,784	88,957
Other	800,730	160,147	41,981	8,395
Deferred tax liabilities		324,425		291,194
Deferred tax assets / (liabilities), net		14,911,467		17,526,916

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For the period ended 30 September 2017 and 31 December 2016, movements of deferred tax assets and liabilities are as follows:

	01.01.- 30.09.2017	01.01.- 31.12.2016
Current corporation tax	(5,740,071)	-
Deferred tax assets/(liabilities), net	(2,140,088)	(3,440,991)
	(7,880,159)	(3,440,991)

Deferred Tax (Asset) / Liability Movements	01.01.- 30.09.2017	01.01.- 31.12.2016
Opening balance	17,526,916	20,682,836
Deferred tax income / (expense)	(2,140,088)	(3,440,991)
Actuarial (gain) / loss effect prior periods	(475,361)	285,071
Closing balance	14,911,467	17,526,916

NOTE 29 – EARNINGS PER SHARE

	01.01.- 30.09.2017	01.01.- 30.09.2016
Net profit / (loss) for the period	49,119,428	30,771,560
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Profit per share (TRY)	0.1965	0.1231

NOTE 30 – FINANCIAL INSTRUMENTS

Financial assets	30.09.2017	31.12.2016
Liquid assets	41,529,716	16,923,525
Trade receivables	96,555,666	44,743,414
Other receivables	102,137,822	101,309,271
Financial assets	9,650,000	13,010,380
Financial liabilities		
Borrowings	528,386,714	386,352,555
Lease payables	4,581,299	8,152,296
Other payables	8,608,683	4,185,065
Trade payables	113,584,189	108,784,532

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NOTE 31 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

Group allocated the provision for doubtful receivables if there is objective evidence about the loan/credit will not stay the collection of the possibilities. Moreover, a possible impairment of financial assets are reviewed for the purpose of determining the carrying value and fair value of financial assets and is tested by comparing.

As of 30 September 2017, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	Trade Receivables		Other Receivables		Time Deposits
	Related Party	Third Party	Related Party	Third Party	
	Maximum net credit risk as of balance sheet date (A+B+C+D+E)	27,774,780	68,780,886	93,624,391	8,513,431
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	27,774,780	68,780,886	93,624,391	8,513,431	41,501,683
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	60,053	-	-	-
Impairment (-)	-	(60,053)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

31 December 2016, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	Trade Receivables		Other Receivables		Time Deposits
	Related Party	Third Party	Related Party	Third Party	
	Maximum net credit risk as of balance sheet date (A+B+C+D+E)	15,302,049	29,441,365	95,890,438	5,418,833
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	15,302,049	29,441,365	95,890,438	5,418,833	16,753,050
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	25,376	-	-	-
Impairment (-)	-	(25,376)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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Liquidity risk

Liquidity risk is the Group’s possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk.

As of 30 September 2017, Group’s liquidity risk table is as follows:

Liabilities		30 September 2017				
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3-12 Months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	675,614,178	731,148,205	262,793,851	188,168,171	202,326,317	77,859,866
Financial borrowings	528,386,714	582,999,082	139,616,566	163,670,569	201,852,081	77,859,866
Financial leasing	4,581,299	4,681,575	1,577,474	2,629,865	474,236	-
Trade payables	113,584,189	114,405,572	101,862,359	12,543,213	-	-
- <i>Related parties</i>	5,116,049	5,217,212	5,217,212	-	-	-
- <i>Other parties</i>	108,468,140	109,188,360	96,645,147	12,543,213	-	-
Other liabilities	29,061,976	29,061,976	19,737,452	9,324,524	-	-
- <i>Related parties</i>	744,810	744,810	-	744,810	-	-
- <i>Other parties</i>	28,317,166	28,317,166	19,737,452	8,579,714	-	-
	675,614,178	731,148,205	262,793,851	188,168,171	202,326,317	77,859,866

As of 31 December 2016, Group’s liquidity risk table is as follows:

Liabilities		31 December 2016				
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3-12 Months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	386,352,555	412,645,312	125,351,180	166,770,316	86,309,533	34,214,283
Financial borrowings	386,352,555	412,645,312	125,351,180	166,770,316	86,309,533	34,214,283
Financial leasing	8,152,296	8,433,779	1,713,779	4,121,534	2,598,466	-
Trade payables	108,784,532	109,753,756	76,441,725	13,676,272	7,012,771	12,622,988
- <i>Related parties</i>	7,700,158	7,741,177	7,741,177	-	-	-
- <i>Other parties</i>	101,084,374	102,012,579	68,700,548	13,676,272	7,012,771	12,622,988
Other liabilities	25,966,305	25,966,305	9,848,426	16,117,879	-	-
- <i>Related parties</i>	852,767	852,767	-	852,767	-	-
- <i>Other parties</i>	25,113,538	25,113,538	9,848,426	15,265,112	-	-
	529,255,688	556,799,152	213,355,110	200,686,001	95,920,770	46,837,271

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Interest Rate Risk

The Group’s financial liabilities exposure the Group to interest rate risk. The Group’s financial liabilities mainly consist of fixed rate borrowings. As of 30 September 2017, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group’s net profit will increase / decrease TRY 1,698,077.

Foreign currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss. Monetary liabilities of the Company exceed monetary assets of the Company; in case of exchange rate rise, the Company is exposed to foreign currency risk.

As of 30 September 2017, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 49,272,174 more / less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders’ Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1-USD net asset / liability	(9,189,116)	9,189,116	(9,189,116)	9,189,116
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(9,189,116)	9,189,116	(9,189,116)	9,189,116
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(39,769,802)	39,769,802	(39,769,802)	39,769,802
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(39,769,802)	39,769,802	(39,769,802)	39,769,802
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	(313,579)	313,579	(313,579)	313,579
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(313,579)	313,579	(313,579)	313,579
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	323	(323)	323	(323)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	323	(323)	323	(323)
TOTAL (3+6+9+12)	(49,272,174)	49,272,174	(49,272,174)	49,272,174

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As of 31 December 2016, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 42,079,104 more / less.

Foreign currency risk sensitivity

	Profit / (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1-USD net asset / liability	(16,187,306)	16,187,306	(16,187,306)	16,187,306
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(16,187,306)	16,187,306	(16,187,306)	16,187,306
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(25,970,261)	25,970,261	(25,970,261)	25,970,261
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(25,970,261)	25,970,261	(25,970,261)	25,970,261
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	74,204	(74,204)	74,204	(74,204)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	74,204	(74,204)	74,204	(74,204)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	4,259	(4,259)	4,259	(4,259)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect (10+11)	4,259	(4,259)	4,259	(4,259)
TOTAL (3+6+9+12)	(42,079,104)	42,079,104	(42,079,104)	42,079,104

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As of 30 September 2017, amounts of assets and liabilities of the Group in foreign currency are as follows:

	30 September 2017				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	50,034,187	8,148,478	4,882,406	130,793	-
2a. Monetary Financial Assets (including cash and banks)	40,562,141	6,708,331	3,892,558	86,586	883
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	279,566	-	66,684	-	-
4. Current Assets (1+2+3)	90,875,894	14,856,809	8,841,648	217,379	883
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	90,875,894	14,856,809	8,841,648	217,379	883
10. Trade Payables	40,741,071	10,174,151	1,097,574	-	-
11. Financial Liabilities	285,136,340	28,675,225	43,630,746	76,149	-
12a. Other monetary financial liabilities	6,965,755	2,696	1,657,308	1,702	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	332,843,166	38,852,072	46,385,628	77,851	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	244,034,195	6,362,816	52,817,679	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	244,034,195	6,362,816	52,817,679	-	-
18. Total Liabilities	576,877,361	45,214,888	99,203,307	77,851	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	(6,720,262)	4,488,550	(4,500,000)	(800,000)	-
19a. Off-balance sheet foreign currency derivative assets	21,271,928	5,988,550	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	27,992,190	1,500,000	4,500,000	800,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(492,721,729)	(25,869,529)	(94,861,659)	(660,472)	883
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(486,281,033)	(30,358,079)	(90,428,343)	139,528	883
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	464,808,210	41,351,206	22,850,596	1,496,416	-
24. Imports	242,652,844	59,900,109	5,784,371	23,717	21,924

(*)The Group has TRY 221,578,135 export for the period of 01.01.-30.09.2017.

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As of 31 December 2016, amounts of assets and liabilities of the Group in foreign currency are as follows:

	31 December 2016				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	12,884,542	221,610	2,847,102	357,079	-
2a. Monetary Financial Assets (including cash and banks)	16,060,849	3,880,061	637,010	71	12,361
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	1,954,169	497,358	54,952	-	-
4. Current Assets (1+2+3)	30,899,560	4,599,029	3,539,064	357,150	12,361
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	3,360,382	954,871	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	3,360,382	954,871	-	-	-
9. Total Assets (4+8)	34,259,942	5,553,900	3,539,064	357,150	12,361
10. Trade Payables	28,149,846	6,734,138	1,199,781	-	-
11. Financial Liabilities	288,342,294	42,027,138	37,756,226	85,338	-
12a. Other monetary financial liabilities	14,092,697	187,400	3,620,906	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	330,584,837	48,948,676	42,576,913	85,338	-
14. Trade Payables	19,635,759	-	5,292,800	-	-
15. Financial Liabilities	106,120,169	5,199,941	23,671,942	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	125,755,928	5,199,941	28,964,742	-	-
18. Total Liabilities (13+17)	456,340,765	54,148,617	71,541,655	85,338	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	1,289,784	2,597,600	(2,000,000)	(100,000)	-
19a. Off-balance sheet foreign currency derivative assets	9,141,474	2,597,600	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	7,851,690	-	2,000,000	100,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(420,791,039)	(45,997,117)	(70,002,591)	171,812	12,361
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(424,034,992)	(49,092,075)	(68,057,543)	271,812	12,361
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	514,218,847	57,567,835	32,657,548	1,346,856	-
24. Imports	207,764,874	52,681,918	14,156,769	6,762	23,863

(*)The Group has TRY 226,839,649 export for the period of 01.01.-31.12.2016.

NOTE 32 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented here in are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice;

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates.
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer set TRY amounts approximates its fair values.

Capital Risk Management

In capital management, the Company aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Company follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 30 September 2017 and 31 December 2016, net debt / total equity ratio is as follows:

	30.09.2017	31.12.2016
Total debts	713,660,842	558,585,429
Liquid assets	(41,529,716)	(16,923,525)
Net debt	672,131,126	541,661,904
Total equity	328,330,314	279,926,263
Total capital	1,000,461,440	821,588,167
Net Debt/Total Equity Ratio	67%	66%