

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
FOR THE PERIOD ENDED AT 31 DECEMBER 2015

CONTENTS		PAGE
Independent Auditor's Report		1-2
Consolidated Financial Statements		3-4
Consolidated Income Statements and Other Comprehensive Income Statements		5
Consolidated Changes in Equity Statements		6
Consolidated Cash Flows Statements		7
Notes to the Consolidated Financial Statements		8-69
NOT 1	Organization and Nature of Activities	8-9
NOT 2	Basis of Presentation of Financial Statements	10-24
NOT 3	Segment Reporting	25-26
NOT 4	Cash and Cash Equivalents	27
NOT 5	Financial Investments	27
NOT 6	Related Party Transactions	28-33
NOT 7	Trade Receivables and Trade Payables	34-35
NOT 8	Financial Borrowings	36-38
NOT 9	Other Receivables and Payables	39
NOT 10	Derivative Instruments	40
NOT 11	Inventories	40
NOT 12	Biological Assets	40
NOT 13	Prepaid Expenses and Deferred Income	41
NOT 14	Current Period Tax Income Assets	41
NOT 15	Investments Valued with Equity Pick-up Method	41-43
NOT 16	Tangible Fixed Assets	44
NOT 17	Intangible Assets	45
NOT 18	Provisions, Contingent Assets and Liabilities	46-48
NOT 19	Short Term Provisions	49
NOT 20	Employee Benefit Liabilities	49
NOT 21	Other Current Assets and Liabilities	50
NOT 22	Share Capital	50-52
NOT 23	Sales and Cost of Sales	53-54
NOT 24	Research and Development Expenses, General Administrative Expenses and Marketing Expenses	55-56
NOT 25	Other Operating Income/(Expenses)	56-57
NOT 26	Investment Activities Income / Expense	57
NOT 27	Finance Income / Expenses	58
NOT 28	Tax Assets and Liabilities	59-61
NOT 29	Earnings Per Share	62
NOT 30	Financial Instruments	62
NOT 31	Nature and Level of Risks Derived From Financial Instruments	63-68
NOT 32	Financial Instruments (Fair Value Disclosures and Hedge Accounting Disclosures)	69

AUDİTOR'S REPORT RELATED TO THE CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors,
Menderes Tekstil Sanayi ve Ticaret A.Ş.,
İzmir

Independent Auditors' Report to the Financial Statements

We have audited the accompanying consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi ("Company") which comprise the consolidated balance sheet as of 31 December 2015, consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Company's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Responsibility of Auditor

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by International Accounting Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial positions of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 31 December 2015 and of its real operating results, change in share capital and cash flow, from the point of important matter, for the accounting year then ended in accordance with International Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

Reports on Other Responsibilities Arising from Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on 05 March 2016.
- 2) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 and financial statements are not in compliance with the code and provisions of the Group's articles of association in relation to financial reporting.
- 3) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Other Issues

The Company's consolidated financial statement independent audit for the period 1 January - 31 December 2014 is performed by another independent audit firm and issued an unqualified opinion in audit report dated 4 March 2015.

ATA Uluslararası Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member Firm of Kreston International

Dr. Ali YÜRÜDÜ
Managing Partner

İstanbul 05 March 2016

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Footnote References	<i>Audited</i> Current Period 31.12.2015	<i>Audited</i> Prior Period 31.12.2014
Current Assets		441,250,578	487,021,178
Cash and Cash Equivalents	4	66,387,256	124,275,728
Financial Investments	5	6,020,018	4,809,201
Trade Receivables		45,470,943	41,173,630
<i>Trade Receivables from Related Parties</i>	6-7	12,298,482	4,980,405
<i>Trade Receivables from Third Parties</i>	7	33,172,461	36,193,225
Other Receivables		118,381,072	96,142,159
<i>Other Receivables from Related Parties</i>	6-9	114,152,250	92,269,614
<i>Other Receivables from Third Parties</i>	9	4,228,822	3,872,545
Derivative Financial Instruments	10	1,079,408	1,614,300
Inventories	11	178,887,709	188,413,621
Biological Assets	12	5,808,000	4,449,108
Prepaid Expenses	13	2,086,893	4,600,265
Assets Related to Current Year Tax	14	288,829	5,404,563
Other Current Assets	21	16,840,450	16,138,603
Non-Current Assets		310,633,182	284,436,721
Other Receivables	9	66,408	26,184
Investments Valued by Equity Pick-up Method	15	139,917,213	119,612,639
Tangible Assets	16	150,842,077	155,713,214
Intangible Assets	17	146,052	87,772
Prepaid Expenses	13	281,175	441,521
Deferred Tax Assets	28	19,380,257	8,555,391
TOTAL ASSETS		751,883,760	771,457,899

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

LIABILITIES	Footnote References	<i>Audited</i> Current Period 31.12.2015	<i>Audited</i> Prior Period 31.12.2014
Current Liabilities		379,598,358	360,326,896
Financial Borrowings	8	231,742,168	200,122,976
Current Instalments of Long Term Financial Borrowings	8	42,886,720	16,574,898
Trade Payables		73,293,040	99,694,152
<i>Trade Payables to Related Parties</i>	6-7	6,490,287	5,179,201
<i>Trade Payables to Third Parties</i>	7	66,802,753	94,514,951
Employee Benefit Liabilities	20	5,801,240	5,718,780
Other Payables		2,270,166	2,001,908
<i>Other Payables to Related Parties</i>	6-9	364,233	159,750
<i>Other Payables to Third Parties</i>	9	1,905,933	1,842,158
Derivative Financial Instruments	10	455,800	79,825
Deferred Income	13	22,101,709	30,620,959
Current Tax Liabilities of Period Profit	28	9,770	4,000,888
Current Provisions		1,037,745	1,512,510
- <i>Provision for employee benefits</i>	19	835,232	1,252,310
- <i>Other current provisions</i>	19	202,513	260,200
Non-Current Liabilities		76,414,452	88,208,574
Long Term Borrowings	8	56,225,825	77,875,416
Long Term Provisions for Employee Benefits	19	18,040,356	9,612,627
Deferred Tax Liabilities	28	2,148,271	720,531
Equity		295,870,950	322,922,429
Parent Company's Equity		294,093,422	321,009,662
Paid in Capital	22.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	22.2	485,133	485,133
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	1,807,495	(1,181,579)
Restricted Reserves	22.4	10,209,777	9,754,762
Retained Earnings / Losses	22.5	61,496,331	36,482,865
Net Profit / (Loss) for the Period		(29,905,314)	25,468,481
Minority Interests	22.6	1,777,528	1,912,767
TOTAL LIABILITIES AND EQUITY		751,883,760	771,457,899

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 PERIOD OF 1 JANUARY-31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Audited</i> Current Period 01.01- 31.12.2015	<i>Audited</i> Prior Period 01.01- 31.12.2014
Revenue	23.1	560,495,184	603,362,938
Cost of sales (-)	23.2	(515,150,650)	(533,415,118)
Gross Profit / (Loss)		45,344,534	69,947,820
General Administrative Expenses (-)	24.3	(17,205,091)	(9,967,017)
Marketing Expenses (-)	24.1	(11,992,656)	(12,016,021)
Research & Development expenses(-)	24.2	-	(2,100)
Other Operating Income	25.1	18,592,949	18,315,706
Other Operating Expenses (-)	25.2	(40,850,434)	(33,277,462)
Operating Profit / (Loss)		(6,110,698)	33,000,926
Income from Investment Activities	26.1	1,284,169	683,179
Expenses from Investment Activities (-)	26.3	-	(69,179)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	26.2	20,304,574	9,527,204
Operating Activity Profit/(Loss) Before Financial Expense		15,478,045	43,142,130
Financial Income	27.1	35,890,563	30,953,026
Financial Expenses (-)	27.2	(91,543,788)	(42,841,471)
Operating Activity Profit/(Loss) Before Taxation		(40,175,180)	31,253,685
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	28	(9,770)	(4,000,888)
Deferred Tax Income/(Expense)	28	10,144,397	(2,267,123)
Current Period Operating Activity Profit / (Loss)		(30,040,553)	24,985,674
Profit/(Loss) for the Period		(30,040,553)	24,985,674
Distribution of the Period Income/(Loss)			
Minority Interests	22.6	(135,239)	(482,807)
Parent Company's Shares		(29,905,314)	25,468,481
Earnings Per Share	29	(0.1202)	0.0999
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Actuarial Gain/(Loss) Arising from Retirement Benefits		3,736,342	(1,078,122)
- Deferred Tax Income / (Expense)		(747,268)	215,624
Other Comprehensive Income		2,989,074	(862,498)
Total Comprehensive Income/(Expense)		(27,051,479)	24,123,176
Distribution of Total Comprehensive Income			
Minority Interests		(135,239)	(482,807)
Parent Company's Shares		(26,916,240)	24,605,983

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 PERIOD OF 01 JANUARY - 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	Paid in Capital	Adjustments of Shareholders' Equity	Accumulated Other Comprehensive Income/(Loss) Not To Be Reclassified On Profit Or (Loss)	Accumulated Income (Expenses) To Be Reclassified On Profit Or (Loss)	Retained Profits		Parent Company's Equity	Minority Interests	Total Equity	
				Actuarial Gain/Loss Arising From Employee Benefits	Foreign Currency Translation Difference	Restricted Reserves	Accumulated Profit/Loss				Net Profit/Loss For The Period
Balances at 01.01.2014	22	250,000,000	485,133	(319,081)	(1,091,445)	8,507,915	12,010,490	25,713,140	295,306,152	2,146,062	297,452,214
Transfers	22	-	-	-	1,091,445	1,246,847	24,472,375	(25,713,140)	1,097,527	249,512	1,347,039
Total Comprehensive Income/(Loss)	22	-	-	(862,498)	-	-	-	25,468,481	24,605,983	(482,807)	24,123,176
Balances at 31.12.2014	22	250,000,000	485,133	(1,181,579)	-	9,754,762	36,482,865	25,468,481	321,009,662	1,912,767	322,922,429
Balances at 01.01.2015	22	250,000,000	485,133	(1,181,579)	-	9,754,762	36,482,865	25,468,481	321,009,662	1,912,767	322,922,429
Transfers	22	-	-	-	-	455,015	25,013,466	(25,468,481)	-	-	-
Total Comprehensive Income/(Loss)	22	-	-	2,989,074	-	-	-	(29,905,314)	(26,916,240)	(135,239)	(27,051,479)
Balances at 31.12.2015	22	250,000,000	485,133	1,807,495	-	10,209,777	61,496,331	(29,905,314)	294,093,422	1,777,528	295,870,950

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD OF
01 JANUARY – 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

	Footnote References	<i>Audited</i> Current Period 01.01- 31.12.2015	<i>Audited</i> Prior Period 01.01- 31.12.2014
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		(80,503,426)	46,798,422
Profit/(Loss) for the Period		(40,175,180)	31,253,685
Adjustments Related with Net Profit/Loss for The Period			
Adjustment for Depreciation, Amortisation Expenses	16-17	17,844,381	15,965,093
Adjustment for Employee Termination Benefits	19-24.2	11,416,803	3,435,567
Adjustments Related to the Provisions	19	(474,765)	1,156,185
Adjustment for Interest Income and Expenses	8-27	1,545,812	1,265,681
Unearned Interest on Receivables	25.1	1,075,043	1,075,769
Unearned Interest on Payables	25.2	(909,436)	(1,110,979)
Changes in Operating Assets and Liabilities		(70,826,084)	(6,242,579)
Adjustments for Increase/Decrease in Financial Assets	5	(1,210,817)	(238,624)
Adjustments for Increase/Decrease in Trade Receivables	7	(5,372,356)	22,994,343
Adjustments for Increase/Decrease in Inventories	11	9,525,912	(47,426,735)
Adjustments Related to the Increase/Decrease in Biological Assets	12	(1,358,892)	(670,981)
Adjustments for Increase/Decrease in Other Receivables Related to the Operations	9	(22,279,137)	(11,599,598)
Prepaid Expenses	13	2,673,718	1,215,397
Other Assets	14-21	5,161,158	(6,843,892)
Adjustments for Increase/Decrease in Trade Payables	7	(25,491,676)	29,232,258
Adjustments for Increase/Decrease in Other Payables Related with Operations	9-13-20	(8,168,532)	23,154,461
Changes in Investments Valued by Equity Pick-up Method	15	(20,304,574)	(9,527,204)
Other Cash Entrance/Disposals	22	-	(44,903)
Tax payments/returns	28	(4,000,888)	(6,487,101)
Cash Flow from Operating Activities		(80,503,426)	46,798,422
B. NET CASH FLOW FROM INVESTING ACTIVITIES		(13,031,524)	(35,688,424)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets	16-17	138,911	516,468
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets	16-17	(13,170,435)	(36,192,728)
Change in minority interest	22.5	-	(12,164)
C. NET CASH FLOW FROM FINANCING ACTIVITIES		35,646,478	52,102,641
Cash Inflows/Outflows from Financial Liabilities	8	27,490,469	51,748,668
Cash Outflows from Finance Leases	8	7,245,142	7,355,772
Loss/Gain on Derivative Financial Instruments	10-27	910,867	(7,001,799)
BEFORE THE IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C)		(57,888,472)	63,212,639
D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		-	1,091,445
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	124,275,728	59,971,644
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	66,387,256	124,275,728

The accompanying notes form an integral part of these financial .

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(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.

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

- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.
- Menderes Tekstil Pazarlama A.Ş.
- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.
- Tan Elektrik Üretim 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 31 December 2015, 3,840 personnel are employed by the Company and average number of personnel is 3,999 for the period of 01.01-31.12.2015.

Company shares are traded in the Istanbul Stock Exchange since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 23 June 2015, numbered 196 and valid until 26 June 2017, 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 a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	m ²	59,151,060
Knitted Fabric (is used in its production)	Kg	1,004,400
Linens	Number	4,200,000
Pillow case	Number	12,600,000
Sheet	Number	6,600,000
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	13,500,000
Digital fabric printing (is used in its production)	Kg	1,311,786

Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 29 January 2014, numbered 24 and valid until 30 January 2017, 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 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 PERIOD ENDED AT
31 DECEMBER 2015

(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 27 May 2015, numbered 164 and valid until 28 May 2017, the Company's production capacity has been calculated per 1 shifts and 8 working hours per day by main product is as follows:

Product	Unit	Quantity
Tomato	Tones	6,480
Quick-frozen tomato	Tones	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 31 December 2015, 197 personnel are employed by the Company and the average number of personnel is 199 for the period of 01.01-31.12.2015.

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 39,600,000 kilowatt. Akça Enerji Üretim Otoprodüktör Grubu A.Ş. started producing electricity at July 2015.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in İzmir. 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. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. Company has integrated 20 established and 4 mobile vehicle inspection stations. License rights have been started in 2008 and will continue until 2028.

Tan Elektrik Üretim A.Ş.

Tan Elektrik Üretim A.Ş. was established in İzmir 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 28,627,200 kilowatt. Tan Elektrik Üretim A.Ş. started producing electricity at October 2014.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

The Group is predicate 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") has 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.

The Preparation of Financial Statements

The interim condensed 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.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 5 March 2016. Boards of Directors have authority to change financial statements.

Basis of Consolidation

As of 31 December 2015 and 2014, the capital structure of subsidiaries and participations are as follows :

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

	31.12.2015	31.12.2014
	Ratio %	Ratio %
Public Offered Shares	47.32	51.93
Akça Holding A.Ş.	50.29	45.68
Other	2.39	2.39
	100%	100%

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

	31.12.2015	31.12.2014
	Ratio %	Ratio %
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	22.01	7.47
Rıza Akça	37.86	45.13
Dilek Göksan	18.93	22.56
Ahmet Bilge Göksan	18.93	22.56
Erbil Akça	2.27	2.27
	100%	100%

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.12.2015	31.12.2014
	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%

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

	31.12.2015	31.12.2014
	Ratio%	Ratio%
Nihat Zeybekçi	49.50	49.50
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Other	2.50	2.50
	100%	100%

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

	31.12.2015	31.12.2014
	Ratio%	Ratio%
Tan Elektrik Üretim A.Ş.	45.71	45.71
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.00	20.00
Akça Holding A.Ş.	17.53	17.53
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	10.72	10.72
Selin Tekstil Sanayi Ticaret A.Ş.	5.55	5.55
Akçasaraylı Tekstil Ltd. Şti.	0.48	0.48
	100%	100%

Menderes Tekstil Pazarlama A.Ş. (Participation)

	31.12.2015	31.12.2014
	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	-
Akça Holding A.Ş.	7.50	45.00
Rıza Akça	5.00	4.50
Dilek Göksan	2.50	4.50
Ahmet Bilge Göksan	2.50	1.00
	100%	100%

Tan Elektrik Üretim A.Ş. (Participation)

	31.12.2015	31.12.2014
	Ratio%	Ratio%
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	70.00	70.00
Smyrna Seracılık A.Ş.	21.00	21.00
Akça Holding A.Ş.	5.00	5.00
Rıza Akça	2.00	2.00
Dilek Göksan	1.00	2.00
Ahmet Bilge Göksan	1.00	-
	100%	100%

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 are 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 31 December 2015 and 2014, 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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

The Group has made in the following classification to be comparable with the profit or (loss) statement and statement of financial position for the period ended on December 31,2015 and 2014 and in order to allow determination of financial position and performance trends. Related classifications has not effect on profit or (loss) for the period.

- In the income statement for the period ended at 31 December 2014, TRY 109,233 which are "electricity expenses", are shown in the "General administrative expenses", are classified to the "Cost of Sales".
- In the income statement for the period ended at 31 December 2014, TRY 255,821 which are "General administrative material consumption" are shown in the "General Administrative Expenses" are classified to the "Cost of Sales.
- In the income statement for the period ended at 31 December 2014, TRY 48,610 which are "Distribution Expenses", are shown in the "Cost of Sales" are classified to the "Marketing Expenses".
- In the income statement for the period ended at 31 December 2014, TRY 139,324 which are "Personnel Expenses" are shown in the "Marketing Expenses" are classified to the "Cost of Sales".

2.e. Amendments in International Financial Reporting Standards

Group has implemented the new and revised standards and interpretations published by Public Oversight Authority (POA) effective from 1 January 2015 which are related to its main operations.

New standards, amendments and interpretations effective as of 31 December 2015:

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

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

- TFRS 2, 'Share-based payment'
- TFRS 3, 'Business Combinations'
- TFRS 8, 'Operating segments'
- TFRS 13, 'Fair value measurement'
- TAS 16, 'Property, plant and equipment'
- TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets'
- TAS 39, Financial instruments – Recognition and measurement'

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycles of the annual improvements project that affect 4 standards:

TFRS 1, 'First time adoption'
TFRS 3, 'Business combinations'
TFRS 13, 'Fair value measurement'
TAS 40, 'Investment property'

Standards and amendments issued but not yet effective after 1 January 2016

Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to TAS 16 'Property, plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal
IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts

IAS 19, 'Employee benefits' regarding discount rates

IAS 34, 'Interim financial reporting' regarding disclosure of information.

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries

IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date.

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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)

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

Trade 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 Company 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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 as of 31 December 2004 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 31 December 2015, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 3,828 (31 December 2014: TRY 3,438) per year of employment at the rate of pay applicable at the date of retirement.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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:

	31.12.2015	31.12.2014
USD	2.9076	2.3189
EUR	3.1776	2.8207
GBP	4.3007	3.5961
CHF	2.9278	2.3397

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.

The acquisition cost is used by recording derived financial instruments and foreign exchange commitments and transaction cost is added to acquisition cost. Derived financial instruments are appreciated with reasonable value in the following periods. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet.

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. The Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. Aktur Araç Muayene İstasyonları İşletmeciliği has integrated 20 established and 4 mobile vehicle inspection stations.

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.

Tan Elektrik Üretim A.Ş. "Tan Elektrik"

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

Financing income and expenses within sales incomes and costs are calculated approximately by considering the turnover rates of the receivables and payables during the period.

Useful lives:

Tangible and intangible fixed assets are amortized 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 loosing 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 recognised 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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 3 – SEGMENT REPORTING

31 December 2015	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS				
Cash and Cash Equivalents	66,351,816	35,440	-	66,387,256
Financial Investments	6,020,018	-	-	6,020,018
Trade Receivables	43,913,930	1,557,013	-	45,470,943
Other Receivables	136,860,828	-	(18,479,756)	118,381,072
Derivative Financial Instruments	1,079,408	-	-	1,079,408
Inventories	178,266,312	621,397	-	178,887,709
Biological Assets	-	5,808,000	-	5,808,000
Prepaid Expenses	1,936,544	150,349	-	2,086,893
Current Tax Assets	77,963	210,866	-	288,829
Other Current Assets	13,226,266	3,614,184	-	16,840,450
Current Assets	447,733,085	11,997,249	(18,479,756)	441,250,578
Other Receivables	51,687	14,721	-	66,408
Investments Valued by Equity Pick-up Method	149,417,213	-	(9,500,000)	139,917,213
Tangible Assets	126,260,264	24,581,813	-	150,842,077
Intangible Assets	137,030	9,022	-	146,052
Prepaid Expenses	140,703	140,472	-	281,175
Deferred Tax Assets	19,025,378	602,082	(247,203)	19,380,257
Non-Current Assets	295,032,275	25,348,110	(9,747,203)	310,633,182
TOTAL ASSETS	742,765,360	37,345,359	(28,226,959)	751,883,760
LIABILITIES				
Financial Borrowings	231,742,168	-	-	231,742,168
Current Instalments of Long Term Financial Borrowings	39,750,781	3,135,939	-	42,886,720
Trade Payables	71,821,400	1,471,640	-	73,293,040
Employee Benefits Liabilities	5,523,243	277,997	-	5,801,240
Other Payables	2,199,400	18,550,522	(18,479,756)	2,270,166
Derivative Financial Instruments	455,800	-	-	455,800
Deferred Incomes	22,021,853	79,856	-	22,101,709
Current Tax Liabilities of Period Profit	-	9,770	-	9,770
Current Provisions	1,028,769	8,976	-	1,037,745
Current Liabilities	374,543,414	23,534,700	(18,479,756)	379,598,358
Long Term Borrowings	51,608,932	4,616,893	-	56,225,825
Provisions For Employee Long Term Benefits Include	17,802,286	238,070	-	18,040,356
Deferred Tax Liabilities	2,067,915	327,559	(247,203)	2,148,271
Non-Current Liabilities	71,479,133	5,182,522	(247,203)	76,414,452
Paid in Capital	250,000,000	12,000,000	(12,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	485,133
Accumulated other comprehensive income / expense not to be reclassified on profit or loss				
Actuarial Benefit / Loss of the Retirement Plans	1,807,495	-	-	1,807,495
Restricted Reserves	10,147,245	62,532	-	10,209,777
Retained Earnings / Losses	63,694,412	(2,785,314)	587,233	61,496,331
Net Profit / Loss for the Period	(29,391,472)	(649,081)	135,239	(29,905,314)
Minority Interest	-	-	1,777,528	1,777,528
SHAREHOLDERS' EQUITY	296,742,813	8,628,137	(9,500,000)	295,870,950
TOTAL LIABILITIES	742,765,360	37,345,359	(28,226,959)	751,883,760

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

31 December 2015	Textile Sector	Agricultural Sector	Elimination	Total
Revenue	546,432,696	14,062,488	-	560,495,184
Cost of Sales (-)	(504,678,146)	(10,472,504)	-	(515,150,650)
GROSS PROFIT/LOSS	41,754,550	3,589,984	-	45,344,534
General Administrative Expenses (-)	(16,382,341)	(822,750)	-	(17,205,091)
Marketing Expenses (-)	(10,951,462)	(1,041,194)	-	(11,992,656)
Other Operating Income	17,854,748	738,201	-	18,592,949
Other Operating Expenses (-)	(40,735,061)	(115,373)	-	(40,850,434)
OPERATING PROFIT/LOSS	(8,459,566)	2,348,868	-	(6,110,698)
Investing Activities Income	1,283,094	1,075	-	1,284,169
Profit /Loss from the Participations Valued by Equity Pick-up Method	20,845,014	(540,440)	-	20,304,574
OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES	13,668,542	1,809,503	-	15,478,045
Financial Income (+)	37,557,300	10	(1,666,747)	35,890,563
Financial Expenses (-)	(90,098,829)	(3,111,706)	1,666,747	(91,543,788)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	(38,872,987)	(1,302,193)	-	(40,175,180)
Continuing Operations Tax Income/Expense				
- Income/Expense Tax for the period	-	(9,770)	-	(9,770)
- Deferred Tax Income/Expense	9,481,515	662,882	-	10,144,397
PROFIT/(LOSS) FOR THE PERIOD	(29,391,472)	(649,081)	-	(30,040,553)

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- 31.12.2015	01.01- 31.12.2014
Germany	40%	36%
U.S.A	31%	30%
France	7%	7%
Italy	6%	7%
England	4%	4%
China	3%	4%
Others	9%	12%
	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 31 December 2015, 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 42%. (2014: 40%).

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 December 2015 and 2014, the details of cash and cash equivalents are as follows:

	31.12.2015	31.12.2014
Cash	39,963	9,037
Banks	66,259,095	124,126,889
<i>Demand deposits</i>	2,169,507	41,005,648
<i>Time deposits</i>	64,089,588	83,121,241
Interest accruals for banks	88,198	139,802
	66,387,256	124,275,728

As of 31 December 2015 and 2014, maturity schedule of time deposits in the cash and cash equivalents are as follows:

	31.12.2015	31.12.2014
Within 1 month	55,297,587	78,761,276
1-3 months	8,792,001	4,359,965
	64,089,588	83,121,241

As of 31 December 2015, effective interest rates of time deposits in TRY and USD are 12.99 % and 1.86% (31.12.2014: for TRY 9.66%, USD 2.39%) respectively.

As of 31 December 2015, average maturity date of time deposits is 13 days (31 December 2014: 31 days). As of 31 December 2015, time deposits consist of TRY 55,297,587 and USD 3,023,800 (TRY 8,792,001) (31.12.2014: TRY 75,315,821 and USD 3,366,001 (TRY 7,805,420 TL)).

As of 31 December 2015, the Group's time deposits within the 3 months has hypothec against loans used from Şekerbank T.A.Ş, with USD 1,850,000 (TRY 5,379,060) and from OdeaBank A.Ş. with TRY 55,000,000. (31.12.2014: TRY 20,000,000 and USD 1,850,000 (TRY 4,289,965)).

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	31.12.2015	31.12.2014
Deposits with maturities over 3 months	5,960,580	4,753,745
Bank interest accruals	59,438	55,456
	6,020,018	4,809,201

As of 31 December 2015, the average maturity of time deposits are 182 days. (31.12.2014: 169). As of 31 December 2015, time deposit consist of USD 2,050,000 (TRY 5,960,580) (31.12.2014: USD 2,050,000 (TRY 4,753,745)).

As of 31 December 2015, the blockage's amount more than 3 months on bank deposits of the Group are USD 2,050,000 (TRY 5,960,580) for the borrowings which are taken from Şekerbank T.A.Ş (31.12.2014: USD 2,050,000 (TRY 4,753,745)).

NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	31.12.2015	31.12.2014
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	4,429,739	1,410,032
Menderes Tekstil Pazarlama A.Ş.	5,091,911	329,520
Akçamen Tekstil A.Ş.	777,261	-
Unearned Interest	(220,416)	(31,921)
	10,078,495	1,707,631

b) Income accruals from related parties (Note 7):

	01.01.- 31.12.2015	01.01.- 31.12.2014
Menderes Tekstil Pazarlama A.Ş.	2,219,987	3,272,774
	2,219,987	3,272,774

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

	31.12.2015	31.12.2014
Selin Tekstil Sanayi ve Ticaret A.Ş.	5,979,720	4,647,522
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	452,921	457,782
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	116,230	-
Akça Holding A.Ş.	-	112,449
Unearned Interest	(58,584)	(38,552)
	6,490,287	5,179,201

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

	31.12.2015	31.12.2014
Due from shareholders		
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	42,557,543	31,461,273
Akça Holding A.Ş.	551,054	-
Rıza Akça	-	63,314
Other receivables from related parties		
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	58,745,082	56,149,986
Tan Elektrik Üretim A.Ş.	12,232,100	4,267,952
Akça Solar Üretim Sanayi Ticaret A.Ş.	66,471	327,089
	114,152,250	92,269,614

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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

	31.12.2015	31.12.2014
Due to shareholders		
Rıza Akça	350,662	20,353
Ali Atlamaz	13,450	78,475
Dilek Göksan	121	-
Other payables to related parties		
Akçamen Tekstil A.Ş.	-	60,922
	364,233	159,750

f) Advances received from related parties :

	31.12.2015	31.12.2014
Menderes Tekstil Pazarlama A.Ş.	-	5,788,862
	-	5,788,862

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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

a) Sales to related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Menderes Tekstil Pazarlama A.Ş.	69,991,502	73,131,751
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	3,993,008	2,733,108
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	212,719	186,486
Akça Holding A.Ş.	206,186	-
Aktur Araç Muayene İstasyonları İşl. A.Ş.	24,052	21,700
	74,427,467	76,073,045

b) Sales of fixed assets to related parties

	01.01.- 31.12.2015	01.01.- 31.12.2014
Akçamen Tekstil Sanayi Ticaret A.Ş.	705,000	-
	705,000	-

c) Purchases from related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Selin Tekstil Sanayi ve Ticaret A.Ş.	37,205,500	37,837,900
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	433,400	256,100
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	62,171	453,937
Akça Holding A.Ş.	31,013	40,266
Aktur Araç Muayene İstasyonları İşl. A.Ş.	2,553	1,628
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	679	751
	37,735,316	38,590,582

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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

a) Benefits provided to member of the board of directors, gross:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Members of the Board of Directors	346,526	254,165
	346,526	254,165

b) Service expenses paid to related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	707,897	607,504
Akça Holding A.Ş.	453,258	298,704
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,875	-
	1,163,030	906,208

c) Rent incomes from related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	78,000	71,100
Akça Holding A.Ş.	78,000	-
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	78,000	-
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	30,000	28,020
Selin Tekstil Sanayi ve Ticaret A.Ş.	30,000	28,020
Menderes Tekstil Pazarlama A.Ş.	12,000	10,800
Akçamen Tekstil Sanayi Ticaret A.Ş.	9,600	9,000
	315,600	146,940

d) Service income from related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	121,841	87,543
Menderes Tekstil Pazarlama A.Ş.	66,000	60,000
	187,841	147,543

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

e) Foreign exchange income from the related parties (Note 27.1):

	01.01.- 31.12.2015	01.01.- 31.12.2014
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	6,894,946	6,763,343
Akça Holding A.Ş.	14,972	-
	6,909,918	6,763,343

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	14,133,334	10,644,212
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	6,013,670	4,907,091
Tan Elektrik Üretim A.Ş.	536,013	242,923
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	143,893	25,411
Akça Solar Enerji Üretim San. ve Tic. A.Ş.	33,958	7,519
Akça Holding A.Ş.	13,493	-
	20,874,361	15,827,156

g) Foreign exchange expenses paid to the related parties (Note 27.2):

	01.01.- 31.12.2015	01.01.- 31.12.2014
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	1,672,297	366
Akça Holding A.Ş.	7,104	-
	1,679,401	366

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	1,932,687	126
	1,932,687	126

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

i) Rent expenses paid to related parties:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	353,000	-
Menderes Tekstil Pazarlama A.Ş.	336,000	-
	689,000	-

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Akçamen Tekstil Sanayi Ticaret A.Ş.	4,481	6,942
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	4	-
Menderes Tekstil Pazarlama A.Ş.	-	171,568
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	19,322
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	6,821
	4,485	204,653

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOT 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.12.2015	31.12.2014
Trade receivables	30,434,219	36,003,124
Cheques and notes	330,634	329,520
Unearned interest on trade receivables	(161,139)	(149,741)
Doubtful trade receivables	543,793	247,204
Provision for doubtful receivables (-)	(543,793)	(247,204)
Income accruals (*)	2,568,747	10,322
Trade Receivables From Third Parties	33,172,461	36,193,225
Trade receivables from related parties (Note 6-i-a)	10,298,911	1,739,552
Income accrual from related parties (Note 6-i-b)	2,219,987	3,272,774
Unearned interests on receivables from related parties (Note 6-i-a)	(220,416)	(31,921)
Trade Receivables From Related Parties	12,298,482	4,980,405
Total Short-Term Trade Receivables	45,470,943	41,173,630

As of 31 December 2015, the average maturity of trade receivables are 27 days (31 December 2014: 32 days).

Maturity schedule of notes receivable as of 31 December 2015 and 2014 are as follows:

	31.12.2015	31.12.2014
1-30 days	134,040	89,629
31-60 days	86,574	90,000
61-90 days	68,774	90,223
91-120 days	41,246	59,668
	330,634	329,520

As of 31 December 2015 and 2014, provision for doubtful receivables movement schedule is as follows:

	31.12.2015	31.12.2014
Opening balance	247,204	251,802
Offsetting of balances that can not be collected (*)	(143,599)	(78,731)
Provision for the period	440,188	74,133
Closing Balance	543,793	247,204

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Short Term Trade Payables

	31.12.2015	31.12.2014
Trade payables	57,382,296	86,057,157
Unearned interests on trade payables	(566,870)	(599,091)
Notes payables	10,078,110	9,091,834
Unearned interests on payables	(102,320)	(55,845)
Expense accruals	11,537	20,896
Trade Payables From Third Parties	66,802,753	94,514,951
Payables to related parties (Note 6-i-c)	6,548,871	5,217,753
Unearned interests on notes payables to related parties (Note 6-i-c)	(58,584)	(38,552)
Trade Payables to Related Parties	6,490,287	5,179,201
Total Short Term Trade Payables	73,293,040	99,694,152

As of 31 December 2015, the average maturity of trade payables are 60 days (31 December 2014: 58 days).

As of 31 December 2015, sureties were given amounting to USD 1,572,795 (TRY 4,573,059) and EUR 567,626 (TRY 1,803,688) for trade payables of the Group by bank (31.12.2014: USD 5,404,851 (TRY 12,533,309) and EUR 970,928 (TRY 2,738,694)). (Note:18)

As of 31 December 2015 and 2014, maturity breakdown of notes payables are as follows:

	31.12.2015	31.12.2014
Overdue	22,527	-
1 – 30 days	4,512,324	5,987,947
31 – 60 days	3,770,733	3,073,887
61 – 90 days	1,516,122	15,000
91 – 120 days	41,224	15,000
121 – 150 days	215,180	-
	10,078,110	9,091,834

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 8 – FINANCIAL BORROWINGS

	31.12.2015	31.12.2014
Short Term Borrowings:		
TRY borrowings	254,558	810,488
USD borrowings	203,031,205	166,913,773
EUR borrowings	25,610,635	29,434,781
GBP borrowings	2,393,070	2,132,969
Accrued Interest of Short Term Borrowings:		
USD accrued interest of borrowings	333,305	724,106
EUR accrued interest of borrowings	119,395	106,859
Short Term Financial Borrowings	231,742,168	200,122,976
Lease Payables:		
USD lease payables, net	51,553	239,423
EUR lease payables, net	6,170,753	5,865,339
Borrowings:		
USD borrowings	21,180,272	7,303,197
EUR borrowings	14,391,029	2,732,223
Accrued Interests of Long Term Borrowings:		
TRY accrued interest of borrowings	-	15,434
USD accrued interest of borrowings	560,572	346,480
EUR accrued interest of borrowings	532,541	72,802
Current Instalments of Long-Term Borrowings	42,886,720	16,574,898
Long Term Lease Payables:		
USD lease payables, net	-	41,115
EUR lease payables, net	6,982,598	11,675,999
Long Term Borrowings:		
USD borrowings	2,806,904	10,035,837
EUR borrowings	46,436,323	56,122,465
Long Term Financial Borrowings	56,225,825	77,875,416
Total Financial Liabilities	330,854,713	294,573,290

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2015 and 2014, maturity analyses of borrowings and other financial borrowings are as follows:

	31.12.2015	31.12.2014
Within 3 months	87,438,806	67,496,284
Between 3 - 12 months	179,421,963	141,831,147
Between 1 - 5 years	43,466,877	55,539,329
More than 5 years	5,776,350	10,618,973
	316,103,996	275,485,733

As of 31 December 2015 and 2014, maturity schedule of long term bank borrowings are as follows:

	31.12.2015	31.12.2014
Between 1-2 years	15,322,603	17,639,431
Between 2-3 years	13,783,634	10,066,044
Between 3-4 years	7,974,720	18,219,967
Between 4-5 years	6,385,920	9,613,887
Between 5-6 years	5,406,160	4,064,394
Between 6-7 years	370,190	6,554,579
	49,243,227	66,158,302

As of 31 December 2015, effective interest rates for USD, EUR and GBP bank loans are 2.71%, 4.25% and 3.40% (31.12.2014: USD-3.18%, EUR-4.16% and GBP-3.03%) respectively.

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

The Group's shareholders and other group companies have guarantees on bank loans used by the Group.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 130,950,000 (TRY 380,750,220), EUR 21,000,000 (TRY 66,729,600) and TRY 73,910,000.

As of 31 December 2015 and 2014, the details of financial leasing borrowings of Group are as follows:

	31.12.2015	31.12.2014
Short term lease payables	6,669,535	6,764,691
Cost of deferred lease payables (-)	(447,229)	(659,929)
	6,222,306	6,104,762
	31.12.2015	31.12.2014
Long term lease payables	7,223,692	12,328,066
Cost of deferred lease payables (-)	(241,094)	(610,952)
	6,982,598	11,717,114

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2015, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	6,669,535	(447,229)	6,222,306
Between 1 – 2 years	4,998,058	(197,706)	4,800,352
Between 2 – 3 years	2,124,248	(42,355)	2,081,893
Between 3 – 4 years	101,386	(1,033)	100,353
	13,893,227	(688,323)	13,204,904

As of 31 December 2014, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	6,764,691	(659,929)	6,104,762
Between 1 – 2 years	5,915,720	(396,936)	5,518,784
Between 2 – 3 years	4,436,689	(175,501)	4,261,188
Between 3 – 4 years	1,885,658	(37,598)	1,848,060
Between 4 – 5 years	89,999	(917)	89,082
	19,092,757	(1,270,881)	17,821,876

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.12.2015	31.12.2014
Deposit and guarantees given	1,847	44,083
VAT return receivables	4,226,975	3,828,462
Other Receivables from Third Parties	4,228,822	3,872,545
Receivables from shareholders (Note 6-i-d) (*)	43,108,597	31,524,587
Receivables from related parties (Note 6-i-d)	71,043,653	60,745,027
Other Receivables From Related Parties	114,152,250	92,269,614
Total Other Current Receivables	118,381,072	96,142,159

As of 31 December 2015, non-trade receivables from related parties comprise 25.87% of total current assets and 15.18% of total assets. (As of 31 December 2014, it composes 18.95% of the total current assets and 11.96% of total assets).

(*) The amount of TRY 42,557,543 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. The amount has been exhibiting increases and decreases in the period, interest for the amount is calculated and reflected to the accompanying consolidated financial statements. For the period of 01.01-31.12.2015, the calculated interest for the amount, TRY 14,133,334 is recorded on the accompanying income statement.

Other Non-Current Receivables

	31.12.2015	31.12.2014
Deposits and guarantees given	66,408	26,184
	66,408	26,184

Other Current Payables

	31.12.2015	31.12.2014
Deposit and guarantees received	10,148	6,000
Taxes and funds payables	1,895,785	1,836,158
Other Payables to Third Parties	1,905,933	1,842,158
Payables to shareholders (Note 6-i-e)	364,233	98,828
Payables to related parties (Note 6-i-e)	-	60,922
Other Payables to Related Parties	364,233	159,750
Total Other Current Payables	2,270,166	2,001,908

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 10 – DERIVATIVE INSTRUMENTS

	31.12.2015	31.12.2014
Income accrual of forward exchange	1,079,408	1,614,300
	1,079,408	1,614,300
	31.12.2015	31.12.2014
Expense accrual of forward exchange	455,800	79,825
	455,800	79,825

NOTE 11 – INVENTORIES

	31.12.2015	31.12.2014
Raw materials	75,754,075	84,238,080
Work in progress	69,950,218	65,553,737
Finished goods	31,613,988	37,940,314
Merchandises	468,562	78,508
Other inventories	1,100,866	602,982
	178,887,709	188,413,621

As of 31 December 2015, inventories of the Group are insured for amounting to TRY 160,500,000.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	31.12.2015	31.12.2014
Biological assets (Tomato)	5,808,000	4,449,108
	5,808,000	4,449,108

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 calculating provision.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.12.2015	31.12.2014
Order advances given	1,182,556	3,567,984
Prepaid expenses	640,416	651,525
Advances given for business purposes	263,921	380,756
	2,086,893	4,600,265

Long Term Prepaid Expenses

	31.12.2015	31.12.2014
Advances given for purchases of tangible assets	136,186	303,577
Prepaid expenses	144,989	137,944
	281,175	441,521

Short Term Deferred Income

	31.12.2015	31.12.2014
Advances received	22,101,709	30,620,959
	22,101,709	30,620,959

NOTE 14 – CURRENT PERIOD TAX INCOME ASSET

	31.12.2015	31.12.2014
Prepaid taxes and funds	288,829	5,404,563
	288,829	5,404,563

NOTE 15 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD

As of 31 December 2015 and 2014, the Companies are as follows:

	31.12.2015	Pay (%)	31.12.2014	Pay (%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	1,008,851	20%	1,597,815	20%
Menderes Tekstil Pazarlama A.Ş.	11,773,434	45%	10,114,830	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	127,134,928	48%	107,359,554	48%
Tan Elektrik Üretim A.Ş.	-	21%	540,440	21%
	139,917,213		119,612,639	

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 31 December 2015 and 2014 are as follows:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

	31.12.2015	31.12.2014
Current assets	11,048,024	19,047,886
Non-current assets	82,107,875	70,963,871
Total Assets	93,155,899	90,011,757
Current liabilities	62,931,741	59,992,669
Non-current liabilities	25,179,901	22,030,012
Shareholders' Equity	5,044,257	7,989,076
Total Equities	93,155,899	90,011,757
Sales, net	1,909,394	266,353
Cost of sales	(2,411,131)	(173,984)
Net profit / (loss)	(2,944,874)	(5,140,020)

As of 31 December 2015, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. has construction in progress amounting to TRY 226,493 (31 December 2014: TRY 21,516,916).

Menderes Tekstil Pazarlama A.Ş.

	31.12.2015	31.12.2014
Current assets	23,592,293	19,068,071
Non-current assets	10,695,889	7,703,527
Total Assets	34,288,182	26,771,598
Current liabilities	7,726,136	4,068,670
Non-current liabilities	398,860	225,527
Shareholders' equity	26,163,186	22,477,401
Total Equities	34,288,182	26,771,598
Sales, net	72,550,106	76,841,674
Cost of sales	(69,765,621)	(73,019,872)
Net profit / (loss)	3,667,951	(513,288)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	31.12.2015	31.12.2014
Current assets	63,144,976	26,767,441
Non-current assets	332,938,583	346,985,775
Total Assets	396,083,559	373,753,216
Current liabilities	43,488,633	46,133,559
Non-current liabilities	87,730,492	103,950,020
Shareholders' equity	264,864,434	223,665,737
Minority interest	-	3,900
Total Equities	396,083,559	373,753,216
Sales, net	245,603,054	215,409,944
Cost of sales	(207,671,518)	(179,745,383)
Net profit / (loss)	48,240,981	31,080,991

Tan Elektrik Üretim A.Ş.

	31.12.2015	31.12.2014
Current assets	1,162,291	1,297,413
Non-current assets	34,864,560	38,176,256
Total Assets	36,026,851	39,473,669
Current liabilities	14,612,812	30,635,446
Non-current liabilities	23,490,334	6,264,696
Shareholders' equity	(2,076,295)	2,573,527
Total Equities	36,026,851	39,473,669
Sales, net	6,610,739	838,418
Cost of sales	(4,576,497)	(1,661,311)
Net profit / (loss)	(4,646,650)	(10,377,662)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 16 – TANGIBLE FIXED ASSETS

Cost Value	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2014 opening balance	29,600,227	54,896,294	234,973,189	1,858,589	3,879,600	3,006,196	328,214,095
Additions	5,077	2,750	5,835,334	270,754	3,481,721	26,554,595	36,150,231
Disposals	-	-	(2,623,905)	(451,226)	(28,656)	-	(3,103,787)
Transfers	528,716	7,649,471	20,453,485	-	502,132	(29,133,804)	-
31 December 2014 closing balance	30,134,020	62,548,515	258,638,103	1,678,117	7,834,797	426,987	361,260,539
Additions	42,000	288,772	1,257,712	274,764	3,579,844	7,587,899	13,030,991
Disposals	-	-	(8,895,008)	(93,618)	(45,925)	(58,582)	(9,093,133)
Transfers	464,192	984,816	5,847,336	-	718,542	(8,014,886)	-
31 December 2015 closing balance	30,640,212	63,822,103	256,848,143	1,859,263	12,087,258	(58,582)	365,198,397
Accumulated Depreciation							
01 January 2014 opening balance	2,798,638	14,002,790	174,946,788	595,737	1,600,080	-	193,944,033
Additions	2,017,141	1,146,603	11,709,294	279,930	730,308	-	15,883,276
Foreign currency conversion disposals	-	-	(1,653,097)	-	-	-	(1,653,097)
Disposals	-	-	(2,419,321)	(206,900)	(666)	-	(2,626,887)
31 December 2014 closing balance	4,815,779	15,149,393	182,583,664	668,767	2,329,722	-	205,547,325
Additions	2,106,713	1,281,018	12,776,615	283,443	1,315,428	-	17,763,217
Disposals	-	-	(8,895,007)	(56,487)	(2,728)	-	(8,954,222)
Transfers	2,739	-	-	-	(2,739)	-	-
31 December 2015 closing balance	6,925,231	16,430,411	186,465,272	895,723	3,639,683	-	214,356,320
31.12.2014, Net Book Value	25,318,241	47,399,122	76,054,439	1,009,350	5,505,075	426,987	155,713,214
31.12.2015, Net Book Value	23,714,981	47,391,692	70,382,871	963,540	8,447,575	(58,582)	150,842,077

As of 31 December 2015, the depreciation expense of tangible fixed assets for the period is TRY 17,763,217 (31 December 2014: TRY 15,883,276).

As of 31 December 2015, fixed assets are insured for TRY 239,564,883, EUR 12,548,500 (TRY 39,874,114) and USD 344,393 (TRY 1,001,358). (31 December 2014: TRY 177,740,222; EUR 11,382,080 (TRY 32,105,433)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 380,750,220), EUR 21,000,000 (TRY 66,729,600) and TRY 73,910,000.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 17 – INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
01 January 2014 opening balance	39,220	286,056	325,276
Additions	-	42,497	42,497
Disposals	-	(140,714)	(140,714)
31 December 2014 closing balance	39,220	187,839	227,059
Additions	-	139,444	139,444
31 December 2015 closing balance	39,220	327,283	366,503
Accumulated Depreciation			
01 January 2014 opening balance	16,147	142,469	158,616
Additions	8,826	72,991	81,817
Disposals	(583)	(100,563)	(101,146)
31 December 2014 closing balance	24,390	114,897	139,287
Additions	5,808	75,356	81,164
31 December 2015 closing balance	30,198	190,253	220,451
31.12.2014, Net Book Value	14,830	72,942	87,772
31.12.2015, Net Book Value	9,022	137,030	146,052

As of 31 December 2015, the amortization expense of intangible fixed assets for the period is TRY 81,164 (31 December 2014: TRY 81,817).

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2015 and 2014, the Group's guarantee / security / mortgage position are as following:

Guarantees, security and mortgage (GSM) given by the Group	31.12.2015	31.12.2014
A. Total Amount of GSM given on behalf of legal entity	644,548,404	546,115,555
B. Total Amount of GSM given for partnerships which included in full consolidation	None	11,460
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	12,906,037
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
Total	644,548,404	559,033,052

As of 31 December 2015, there is no GSM which is given by the Group. As of 31 December 2014, other GSM given by the Group is seen by 4% comparing with its equity

For the credits, avals do not exist in favour of related parties by Group. For credit contracts of the Group, USD 137,990,000 (TRY 401,219,724), EUR 5,000,000 (TRY 15,888,000) and TRY 113,500,000 avals are provided by related parties (Akça Holding and Osman Akça) (31 December 2014: None).

As of 31 December 2015, details of mortgage on lands and buildings are as following:

	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	2.9076	380,750,220
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	3.1776	66,729,600
				521,389,820

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2015, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity Distribution Company	TRY	1,176,459	1.0000	1,176,459
Custom Office	TRY	5,655,871	1.0000	5,655,871
Credit Guarantee	USD	1,115,000	2.9076	3,241,974
Other	TRY	480,346	1.0000	480,346
				10,554,650

As of 31 December 2015, 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	5,745,414	1.0000	5,745,414
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Alternatifbank A.Ş.	TRY	314,400	1.0000	314,400
Halk Bankası A.Ş.	TRY	1,028,960	1.0000	1,028,960
Akbank Denizli Ticaret Şubesi	TRY	165,902	1.0000	165,902
Türkiye Finans Katılım Bankası A.Ş.	USD	1,115,000	2.9076	3,241,974
				10,554,650

As of 31 December 2015, 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	974,924	2.9076	2,834,689
Türkiye Vakıflar Bankası T.A.O	EUR	567,626	3.1776	1,803,688
Finansbank A.Ş.	USD	597,871	2.9076	1,738,370
				6,376,747

As of 31 December 2015, the Group's time deposits within the 3 months have hypothec against loans used from Şekerbank T.A.Ş, USD 1,850,000 (TRY 5,379,060) and OdeaBank A.Ş. TRY 55,000,000 (31.12.2014: TRY 20,000,000 and USD 1,850,000 (TRY 4,289,965)).

As of 31 December 2015, the Group's time deposits longer than 3 months have hypothec against loans used from Şekerbank T.A.Ş. USD 2,050,000 (TRY 5,960,580) from Şekerbank T.A.Ş. (31.12.2014: USD 2,050,000 (TRY 4,753,745)).

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2015, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Albaraka Türk Katılım Bankası A.Ş.	TRY	15,000,000	1.0000	15,000,000
Alternatif Bank A.Ş.	USD	6,000,000	2.9076	17,445,600
Denizbank A.Ş.	USD	9,000,000	2.9076	26,168,400
Eximbank A.Ş.	USD	25,000,000	2.9076	72,690,000
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	2.9076	27,622,200
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank T.A.Ş.	USD	20,000,000	2.9076	58,152,000
Şekerbank T.A.Ş.	TRY	8,500,000	1.0000	8,500,000
Şekerbank T.A.Ş.	EUR	5,000,000	3.1776	15,888,000
ICBC Turkey Bank A.Ş.	USD	3,490,000	2.9076	10,147,524
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	2.9076	188,994,000
				530,607,724

As of 31 December 2015, details of the guarantee checks given are as follows:

Guarantee Checks Given	Bank Name	FX Currency	FX Amount	FX Rate	TRY Equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	4,891,200	2.9076	14,221,653
					14,221,653

As of 31 December 2015, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	936,250	2.9076	2,722,241
				2,722,241

As of 31 December 2015, 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	8,500,000	2.9076	24,714,600
Türk Eximbank	Denizbank A.Ş.	USD	7,000,000	2.9076	20,353,200
Türk Eximbank	Şekerbank T.A.Ş.	USD	1,650,000	2.9076	4,797,540
Türk Eximbank	Finansbank A.Ş.	USD	1,000,000	2.9076	2,907,600
Türk Eximbank	Halkbank A.Ş.	USD	8,500,000	2.9076	24,714,600
Türk Eximbank	İş Bankası A.Ş.	USD	500,000	2.9076	1,453,800
Türk Eximbank	Türkiye Finans Katılım Bankası A.Ş.	USD	3,600,000	2.9076	10,467,360
Türk Eximbank	Albaraka Türk Katılım Bankası A.Ş.	USD	650,000	2.9076	1,889,940
Türk Eximbank	Odeabank A.Ş.	USD	1,500,000	2.9076	4,361,400
					95,660,040

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 19 – SHORT TERM PROVISIONS

Other Short Term Provisions

	31.12.2015	31.12.2014
Provision for the lawsuits	202,513	260,200
Provision for unused personnel leave	835,232	1,252,310
	1,037,745	1,512,510

Long Term Provisions for Employee Benefits

	31.12.2015	31.12.2014
Provision for severance pay	18,040,356	9,612,627
	18,040,356	9,612,627

For the period of 01 January – 31 December 2015, average personnel number including subcontractors employed by the Group is 3,999 (01.01-31.12.2014: 4,378). The rate of retirement probability used is 97%.(01.01-31.12.2014: 95%)

For the period ended at 31 December 2015 and 2014, the movement schedule of severance pay provision is as follows:

	31.12.2015	31.12.2014
Balance of 1 January	9,612,627	6,392,684
Increase in the period	18,376,945	868,861
Interest cost	422,993	1,272,959
Payments	(6,635,867)	(2,526,312)
Actuarial profit/(loss)	(3,736,342)	3,604,435
Balance at the end of the period	18,040,356	9,612,627

NOTE 20 – EMPLOYEE BENEFIT LIABILITIES

	31.12.2015	31.12.2014
Due to personnel	3,943,588	4,038,455
Social security deductions payable	1,857,652	1,680,325
	5,801,240	5,718,780

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.12.2015	31.12.2014
VAT carried forward	16,840,450	16,138,603
	16,840,450	16,138,603

NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

As of 31 December 2015, Group's paid in capital was divided into 250,000,000 shares as each valued at TRY 1 nominally (31 December 2014: 250,000,000 units).

As of 31 December 2015 and 2014, Group's paid in capital is as follows:

	31.12.2015		31.12.2014	
	Share (%)	TRY	Share (%)	TRY
Shareholders:				
Public Offered Shares	47.32%	118,289,943.63	51.93%	129,828,520.41
Akça Holding A.Ş.	50.29%	125,729,500.53	45.68%	114,208,053.33
Others	2.39%	5,980,555.84	2.39%	5,963,426.26
Total	100.00%	250,000,000.00	100.00%	250,000,000.00

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

	31.12.2015	31.12.2014
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 Actuarial Benefit/ (Loss) of the Retirement Plans

	31.12.2015	31.12.2014
Actuarial benefit/ (loss) of the retirement plans	1,807,495	(1,181,579)
	1,807,495	(1,181,579)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

22.4 Restricted Reserves

	31.12.2015	31.12.2014
Legal reserves	10,209,777	9,754,762
	10,209,777	9,754,762

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.

Of 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 instalment amounts, to the shareholders of instalment payments to be made in proportion to, and shall be paid according to the same principles.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

Shares of companies traded on the stock exchange:

In relation to the profit distribution proposal of the board of directors

Or on the distribution of profit share advance of the decision of the board of directors

Statement of profit distribution or dividend advance distribution table

announced to the public. Profit distribution table for the usual late on the agenda of the general assembly announced the date of public disclosure is mandatory.

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

31 December 2015	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
Smryna	9,181,211	(649,081)	79%	21%	1,777,528	(135,239)
					1,777,528	
31 December 2014	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
Smryna	11,528,944	(2,317,471)	79%	21%	1,912,767	(482,806)
					1,912,767	

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 23 – SALES AND COST OF SALES

23.1 Sales

	01.01.- 31.12.2015	01.01.- 31.12.2014
Domestic sales	112,763,579	133,206,939
Export sales	446,046,195	470,204,306
Other sales	2,044,550	1,487,320
	560,854,324	604,898,565
Sales returns	(359,140)	(1,505,962)
Discount on sales	-	(29,665)
Sales Income, (net)	560,495,184	603,362,938

23.2 Cost of Sales

	01.01.- 31.12.2015	01.01.- 31.12.2014
Direct material expenses	360,387,633	425,797,751
Direct labor expenses	106,751,200	90,761,337
General production expenses	15,390,296	19,442,955
Depreciation expenses	15,019,335	13,192,911
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods (+)	65,553,737	41,578,636
2. Ending semi-finished goods (-)	(69,950,218)	(65,553,737)
Cost of finished goods produced	493,151,983	525,219,853
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	37,940,314	28,629,984
2. Ending inventory (-)	(31,613,988)	(37,940,314)
Cost of finished goods sold	499,478,309	515,909,523
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	78,508	226,208
2. Purchases during the period (+)	4,747,458	7,701,581
3. Ending merchandise inventory (-)	(468,562)	(78,508)
Cost of merchandises sold	4,357,404	7,849,281
Cost of other service rendered	859,140	622,330
Cost of biological assets	8,157,780	6,796,418
Depreciation of biological assets	2,298,017	2,237,566
Cost of sales, net	515,150,650	533,415,118

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 01 January – 31 December 2015 and 2014, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.12.2015	01.01.- 31.12.2014
Yarn	Kg	12,915,351	13,134,417
Raw Clothing	m ²	131,573,371	132,237,610
Finishing Cloth	m ²	156,211,101	198,085,742
Lining	m ²	24,377,319	25,269,090
Linens, Sheets, Curtains, Pillows	Number	16,697,809	20,078,934
Electricity	Kwh	75,976,262	78,566,001
Cotton Waste	Kg	581,595	720,317
Piece of Cloth	Kg	4,827,590	4,422,102
Yarn Waste	Kg	1,045,259	1,217,630
Textile Trash Powder	Kg	81,040	69,700
Tomato	Kg	5,736,490	5,569,620

As of 01 January – 31 December 2015 and 2014, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.12.2015	01.01.- 31.12.2014
Yarn	Kg	2,083,633	3,944,206
Raw Clothing	m ²	227,322	17,197
Finishing Cloth	m ²	16,391,516	20,536,317
Lining	m ²	22,518,420	23,770,945
Linens, Sheets, Curtains, Pillows	Number	17,022,939	20,042,268
Electricity	Kwh	408,290	789,050
Cotton Waste	Kg	579,620	718,240
Piece of Cloth	Kg	3,730,502	4,775,345
Yarn Waste	Kg	1,021,811	1,217,540
Textile Trash Powder	Kg	81,040	69,700
Tomato	Kg	5,736,490	5,569,620

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOT 24 – RESEARCHES AND DEVELOPMENT EXPENSES, GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 31.12.2015	01.01.- 31.12.2014
Researches and development expenses	-	2,100
Marketing expenses	11,992,656	12,016,021
General administrative expenses	17,205,091	9,967,017
	29,197,747	21,985,138

24.1 Marketing Expenses

	01.01.- 31.12.2015	01.01.- 31.12.2014
Personnel expenses	2,229,088	1,560,156
Export expenses	8,486,576	8,458,143
Transportation of domestic sale	591,927	1,259,900
Depreciation expenses	43,739	51,499
Other expenses	641,326	686,323
	11,992,656	12,016,021

24.2 Researches and Development Expenses

	01.01.- 31.12.2015	01.01.- 31.12.2014
Other expenses	-	2,100
	-	2,100

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

24.3 General Administrative Expenses

	01.01.- 31.12.2015	01.01.- 31.12.2014
Personnel expenses	3,428,308	3,560,930
Insurance expenses	835,941	802,916
Representation and accommodation expenses	160,924	209,130
Communication expenses	131,252	127,516
Rent expenses	236,832	191,907
Education and consultancy expenses	251,884	185,173
Capital market expenses	56,393	62,500
Repair and maintenance expenses	53,193	20,283
Travelling expenses	332,930	294,857
Membership expenses	29,086	21,338
Tax and duty expenses	698,032	550,359
Shares in holding cost (*)	453,258	298,704
Notary and insurance expenses	21,666	23,283
Aid and donation expenses	1,263,978	92,338
Consulting expenses	193,007	198,344
Electricity expenses	210,851	187,302
Lawsuit expenses and provisions	55,356	116,432
Severance pay provision expenses	3,912,427	2,121,171
Provision for doubtful receivables	440,188	74,133
Depreciation expenses	483,290	483,117
Office rent expenses	336,000	42,000
Provision for diminution in value of inventories	3,126,602	-
Other expenses	493,693	303,284
	17,205,091	9,967,017

(*) Composed of the personnel expenses reflected to Group by Akça Holding.

NOTE 25 – OTHER OPERATING INCOME/ (EXPENSES)

25.1 Income From Other Operations

	01.01.- 31.12.2015	01.01.- 31.12.2014
Reversal of unnecessary provision	461,266	126,085
Insurance compensation accrual	2,501,282	-
Foreign exchange gain	9,880,871	12,801,195
Discount income / expenses on payables, net	909,436	1,110,979
Prior period income and profit	8,276	105,330
S.S.I. incentive income	3,083,420	2,900,977
Incentive and support income	1,466,811	1,078,518
Other income and profit	281,587	192,622
	18,592,949	18,315,706

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

25.2 Expenses from Other Operating (-)

	01.01.- 31.12.2015	01.01.- 31.12.2014
Commissions expenses	(20,171,876)	(22,146,103)
Foreign exchange losses	(19,603,366)	(9,880,096)
Discount income / (expenses) on trade receivables	(1,075,043)	(1,075,769)
Other expenses and losses	(149)	(175,494)
	(40,850,434)	(33,277,462)

NOTE 26 – INVESTMENT ACTIVITIES INCOME / EXPENSE

26.1 Income from Investment Activities

	01.01.- 31.12.2015	01.01.- 31.12.2014
Rent income	469,026	285,802
Profit on sale of fixed assets	815,143	397,377
	1,284,169	683,179

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Shares Related with Investment Valued by the Equity Pick-up Method	20,304,574	9,527,204
	20,304,574	9,527,204

26.3 Expenses from Investment Activities (-)

	01.01.- 31.12.2015	01.01.- 31.12.2014
Losses on sale of fixed assets	-	(69,179)
	-	(69,179)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 27 – FINANCIAL INCOME / EXPENSES

27.1 Financial Income

	01.01.-	01.01.-
	31.12.2015	31.12.2014
Interest income	499,629	583,956
Maturity differences income from related parties (6-iii-f)	20,874,361	15,827,156
Foreign exchange income	5,208,023	4,713,632
Foreign exchange income from related parties (6-iii-e)	6,909,918	6,763,343
Foreign exchange income arising from future contracts	2,398,632	3,064,939
	35,890,563	30,953,026

27.2 Financial Expenses (-)

	01.01.-	01.01.-
	31.12.2015	31.12.2014
Interest expenses	(10,431,396)	(8,918,907)
Interest expenses from related parties (6-iii-h)	(1,932,687)	(126)
Foreign exchange losses	(65,534,864)	(27,361,039)
Foreign exchange losses on related parties (6-iii-g)	(1,679,401)	(366)
Commission expenses of borrowings	(4,260,683)	(4,204,467)
Commission expenses of letter of guarantees	(145,851)	(68,063)
Maturity differences expenses	(366,774)	-
Maturity differences expenses from related parties (6-iii-j)	(4,485)	(204,653)
Foreign exchange losses arising from futures contracts	(6,761,489)	(2,035,094)
Other financial expenses	(426,158)	(48,756)
	(91,543,788)	(42,841,471)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 2015 is 20% (2014: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2015 (2014: 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 while 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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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:

	31.12.2015		31.12.2014	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	381,555	76,311	181,662	36,333
Severance pay provision	18,875,588	3,775,117	10,864,937	2,172,987
Reversal of capitalized financial expenses	20,057,090	4,011,418	9,707,810	1,941,562
Reversal of capitalized on buildings	3,656,129	182,806	3,656,129	182,806
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	25,276,565	5,055,313	22,320,934	4,066,091
Financial fixed assets	2,750,000	137,500	2,209,560	110,478
Provision for the lawsuits	-	-	214,160	42,832
Diminution in value of inventories	3,126,602	625,320	-	-
Deductible retained losses	27,103,161	5,420,632	-	-
Other	479,179	95,840	11,513	2,302
Deferred tax assets		19,380,257		8,555,391
<u>Deferred tax liabilities:</u>				
Financial fixed assets	23,458,204	1,172,912	2,613,191	130,660
Tangible fixed assets (land, building, land improvements and depreciations), net	1,478,864	73,943	-	-
Unearned interests on payables	727,774	145,557	693,488	138,698
Foreign exchange differences	654,402	130,881	657,261	131,452
Forward	623,608	124,722	1,534,475	306,895
Other	-	-	64,130	12,826
Insurance compensation accrual	2,501,282	500,256	-	-
Deferred tax liabilities		2,148,271		720,531
Deferred tax assets/(liabilities), net		17,231,986		7,834,860

For the period ended 31 December 2015 and 2014, movements of deferred tax assets and liabilities are as follows:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Current corporation tax	(9,770)	(4,000,888)
Deferred tax assets/(liabilities), net	10,144,397	(2,267,123)
	10,134,627	(6,268,011)
	01.01.- 31.12.2015	01.01.- 31.12.2014
Deferred Tax (Asset) / Liability Movements		
Opening balance	7,834,860	9,886,357
Deferred tax income / (expense)	10,144,397	(2,267,123)
Actuarial (gain) / loss effect prior periods	(747,271)	215,626
Closing balance	17,231,986	7,834,860

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 29 – EARNINGS PER SHARE

	01.01.- 31.12.2015	01.01.- 31.12.2014
Net profit / (loss) for the period	(30,040,553)	24,985,674
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Profit per share (TRY)	(0.1202)	0.0999

NOTE 30 – FINANCIAL INSTRUMENTS

Financial assets	31.12.2015	31.12.2014
Liquid assets	66,387,256	124,275,728
Trade receivables	45,470,943	41,173,630
Other receivables	118,447,480	96,168,343
Financial assets	6,020,018	4,809,201
Financial liabilities		
Borrowings	317,649,809	276,751,414
Lease payables	13,204,904	17,821,876
Other payables	2,270,166	2,001,908
Trade payables	73,293,040	99,694,152

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 31 December 2015, maximum net credit risk is as follows:

	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)	10,078,495	33,191,166	114,152,250	4,295,230	66,259,095
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	10,078,495	33,191,166	114,152,250	4,295,230	66,259,095
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)	-	543,793	-	-	-
Impairment (-)	-	(543,793)	-	-	-
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 2014, maximum net credit risk is as follows:

	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)	1,707,631	39,465,999	92,269,614	3,898,729	124,126,889
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1,707,631	39,465,999	92,269,614	3,898,729	124,126,889
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)	-	247,204	-	-	-
Impairment (-)	-	(247,204)	-	-	-
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	-	-	-	-	-

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 31 December 2015, Group's liquidity risk table is as follows:

Liabilities		31 December 2015				
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	434,320,868	452,071,393	174,345,426	215,906,024	55,816,966	6,002,977
Financial borrowings	317,649,809	333,984,237	91,441,716	187,946,270	48,593,274	6,002,977
Financial leasing	13,204,904	13,893,227	1,738,014	4,931,521	7,223,692	-
Trade payables	73,293,040	74,020,814	73,468,671	552,143	-	-
- <i>Related parties</i>	6,490,287	6,548,871	6,548,871	-	-	-
- <i>Other parties</i>	66,802,753	67,471,943	66,919,800	552,143	-	-
Other liabilities	30,173,115	30,173,115	7,697,025	22,476,090	-	-
- <i>Related parties</i>	364,233	364,233	-	364,233	-	-
- <i>Other parties</i>	29,808,882	29,808,882	7,697,025	22,111,857	-	-
	434,320,868	452,071,393	174,345,426	215,906,024	55,816,966	6,002,977

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2014, Group's liquidity risk table is as follows:

Liabilities	31 December 2014					
	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	432,609,089	451,446,380	179,766,538	185,222,664	75,163,698	11,293,480
Financial borrowings	276,751,414	293,624,336	70,304,604	149,190,620	62,835,632	11,293,480
Financial leasing	17,821,876	19,092,757	1,698,987	5,065,704	12,328,066	-
Trade payables	99,694,152	100,387,640	100,208,009	179,631	-	-
- <i>Related parties</i>	5,179,201	5,217,753	5,217,753	-	-	-
- <i>Other parties</i>	94,514,951	95,169,887	94,990,256	179,631	-	-
Other liabilities	38,341,647	38,341,647	7,554,938	30,786,709	-	-
- <i>Related parties</i>	159,750	159,750	-	159,750	-	-
- <i>Other parties</i>	38,181,897	38,181,897	7,554,938	30,626,959	-	-
	432,609,089	451,446,380	179,766,538	185,222,664	75,163,698	11,293,480

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 31 December 2015, 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 1,521,707.

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.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Foreign currency risk sensitivity

As of 31 December 2015, 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 36,025,354 more / less.

	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	(22,450,123)	22,450,123	(22,450,123)	22,450,123
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(22,450,123)	22,450,123	(22,450,123)	22,450,123
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(13,446,535)	13,446,535	(13,446,535)	13,446,535
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(13,446,535)	13,446,535	(13,446,535)	13,446,535
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	(128,821)	128,821	(128,821)	128,821
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(128,821)	128,821	(128,821)	128,821
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	125	(125)	125	(125)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	125	(125)	125	(125)
TOTAL (3+6+9+12)	(36,025,354)	36,025,354	(36,025,354)	36,025,354

As of 31 December 2014, 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 31,237,530 more / less.

	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	(20,056,920)	20,056,920	(20,056,920)	20,056,920
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(20,056,920)	20,056,920	(20,056,920)	20,056,920
In the case of increasing / losing value of TRY by 10% against EUR de				
4- EUR net asset / liability	(11,553,164)	11,553,164	(11,553,164)	11,553,164
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(11,553,164)	11,553,164	(11,553,164)	11,553,164
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	372,554	(372,554)	372,554	(372,554)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	372,554	(372,554)	372,554	(372,554)
TOTAL (3+6+9)	(31,237,530)	31,237,530	(31,237,530)	31,237,530

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2015, amounts of assets and liabilities of the Group in foreign currency are as follows:

FOREIGN EXCHANGE POSITION					
	TRY equivalent functional currency	USD	EUR	GBP	CHF
					31 December 2015
1. Trade Receivables	21,331,385	18,112	5,574,024	829,041	426
2a. Monetary Financial Assets (including cash and banks)	11,616,993	3,533,151	422,285	500	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	117,676	-	-	27,362	-
4. Current Assets (1+2+3)	33,066,054	3,551,263	5,996,309	856,903	426
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	6,020,017	2,070,442	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	6,020,017	2,070,442	-	-	-
9. Total Assets (4+8)	39,086,071	5,621,705	5,996,309	856,903	426
10. Trade Payables	27,707,674	7,583,683	1,780,387	-	-
11. Financial Liabilities	274,374,330	77,437,374	14,735,761	556,437	-
12a. Other monetary financial liabilities	19,866,312	17,790	6,235,708	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	321,948,316	85,038,847	22,751,856	556,437	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	56,225,825	965,366	16,811,092	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	56,225,825	965,366	16,811,092	-	-
18. Total Liabilities	378,174,141	86,004,213	39,562,948	556,437	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	(21,165,467)	3,170,640	(8,750,000)	(600,000)	-
19a. Off-balance sheet foreign currency derivative assets	15,761,053	5,420,640	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	36,926,520	2,250,000	8,750,000	600,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(360,253,537)	(77,211,868)	(42,316,639)	(299,534)	426
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(339,205,746)	(80,382,508)	(33,566,639)	273,104	426
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports	225,513,686	44,503,135	28,505,803	2,878,208	
24. Imports	195,765,684	64,447,536	6,948,090	13,693	109,301

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2014, amounts of assets and liabilities of the Group in foreign currency are as follows:

FOREIGN EXCHANGE POSITION				
	TRY equivalent functional currency	USD	EUR	GBP
				31 December 2014
1. Trade Receivables	20,349,361	20,681	5,123,717	1,626,466
2a. Monetary Financial Assets (including cash and banks)	12,018,124	4,634,912	445,523	3,766
2b. Non-monetary financial assets	-	-	-	-
3. Other	31,461,273	13,567,326	-	-
4. Current Assets (1+2+3)	63,828,758	18,222,919	5,569,240	1,630,232
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	4,809,201	2,073,915	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	4,809,201	2,073,915	-	-
9. Total Assets (4+8)	68,637,959	20,296,834	5,569,240	1,630,232
10. Trade Payables	53,456,599	20,696,073	1,937,276	-
11. Financial Liabilities	209,782,624	75,448,061	11,590,437	593,134
12a. Other monetary financial liabilities	23,019,104	68,103	8,103,383	1,103
12b. Other non-monetary financial liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	286,258,327	96,212,237	21,631,096	594,237
14. Trade Payables	-	-	-	-
15. Financial Liabilities	66,158,302	4,327,844	19,896,644	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	66,158,302	4,327,844	19,896,644	-
18. Total Liabilities (13+17)	352,416,629	100,540,081	41,527,741	594,237
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	(28,596,625)	(6,250,000)	(5,000,000)	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	28,596,625	6,250,000	5,000,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(312,375,295)	(86,493,247)	(40,958,501)	1,035,995
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(315,239,943)	(93,810,574)	(35,958,501)	1,035,995
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports	467,599,695	213,724,866	-	-
24. Imports	235,795,052	107,774,378	-	-

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2015

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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 31 December 2015 and 2014, net debt / total equity ratio is as follows:

	31.12.2015	31.12.2014
Total debts	456,012,810	448,535,470
Liquid assets	(66,387,256)	(124,275,728)
Net debt	389,625,554	324,259,742
Total equity	295,870,950	322,922,429
Total capital	685,496,504	647,182,171
Net Debt/Total Equity Ratio	57%	50%