

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31.03.2016

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MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AS OF 31 MARCH 2016 AND 31 DECEMBER 2015
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
ASSETS	Footnote References	Current Period 31.03.2016	Prior Period 31.12.2015
Current Assets		503,041,606	441,250,578
Cash and Cash Equivalents	4	19,772,149	66,387,256
Financial Investments	5	8,269,318	6,020,018
Trade Receivables		38,421,550	45,470,943
<i>Trade Receivables from Related Parties</i>	6-7	4,766,202	12,298,482
<i>Trade Receivables from Third Parties</i>	7	33,655,348	33,172,461
Other Receivables		186,654,655	118,381,072
<i>Other Receivables from Related Parties</i>	6-9	182,945,414	114,152,250
<i>Other Receivables from Third Parties</i>	9	3,709,241	4,228,822
Derivative Financial Instruments	10	603,504	1,079,408
Inventories	11	222,109,966	178,887,709
Biological Assets	12	5,817,241	5,808,000
Prepaid Expenses	13	2,523,902	2,086,893
Assets Related to Current Year Tax	14	224,747	288,829
Other Current Assets	21	18,644,574	16,840,450
Non-Current Assets		306,356,844	310,633,182
Other Receivables	9	68,283	66,408
<i>Other Receivables from Related Parties</i>	6-9	-	-
<i>Other Receivables from Third Parties</i>	9	68,283	66,408
Investments Valued by Equity Pick-up Method	15	139,250,272	139,917,213
Tangible Assets	16	149,700,254	150,842,077
Intangible Assets	17	126,022	146,052
Prepaid Expenses	13	230,609	281,175
Deferred Tax Assets	28	16,981,404	19,380,257
TOTAL ASSETS		809,398,450	751,883,760

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AS OF 31 MARCH 2016 AND 31 DECEMBER 2015
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	31.03.2016	31.12.2015
Current Liabilities		428,956,400	379,598,358
Financial Borrowings	8	278,576,440	231,742,168
Current Installments of Long Term Financial Borrowings	8	37,594,598	42,886,720
Trade Payables		79,123,860	73,293,040
<i>Trade Payables to Related Parties</i>	6-7	6,733,774	6,490,287
<i>Trade Payables to Third Parties</i>	7	72,390,086	66,802,753
Employee Benefit Liabilities	20	6,571,394	5,801,240
Other Payables		1,778,926	2,270,166
<i>Other Payables to Related Parties</i>	6-9	498,412	364,233
<i>Other Payables to Third Parties</i>	9	1,280,514	1,905,933
Derivative Financial Instruments	10	136,598	455,800
Deferred Income	13	23,627,471	22,101,709
Current Tax Liabilities of Period Profit	28	54,487	9,770
Current Provisions		1,492,626	1,037,745
- <i>Provision for Employee Benefits</i>	19	1,290,113	835,232
- <i>Other Current Provisions</i>	19	202,513	202,513
Non-Current Liabilities		72,295,607	76,414,452
Long Term Borrowings	8	48,060,981	56,225,825
Long Term Provisions for Employee Benefits	19	22,143,092	18,040,356
Deferred Tax Liabilities	28	2,091,534	2,148,271
Equity		308,146,443	295,870,950
Parent Company’s Equity		306,366,998	294,093,422
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>Defined Benefit Plans Remeasurement Gains / (Losses)</i>	22.3	1,198,862	1,807,495
Restricted Reserves	22.4	10,209,777	10,209,777
Retained Earnings / Losses	22.5	31,591,017	61,496,331
Net Profit / (Loss) for the Period		12,882,209	(29,905,314)
Minority Interests	22.6	1,779,445	1,777,528
TOTAL LIABILITIES AND EQUITY		809,398,450	751,883,760

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 STATEMENT
FOR THE PERIOD OF 1 JANUARY-31 MARCH 2016 AND 2015
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Unreviewed</i> Current Period 01.01- 31.03.2016	<i>Unreviewed</i> Prior Period 01.01- 31.03.2015
Revenue	23.1	106,981,609	101,581,759
Cost of sales (-)	23.2	(92,791,082)	(99,136,620)
Gross Profit / (Loss)		14,190,527	2,445,139
General Administrative Expenses (-)	24.2	(3,193,015)	(3,485,463)
Marketing Expenses (-)	24.1	(2,656,754)	(2,046,030)
Other Operating Income	25.1	3,026,548	3,496,132
Other Operating Expenses (-)	25.2	(2,250,181)	(10,539,175)
Operating Profit / (Loss)		9,117,125	(10,129,397)
Income from Investment Activities	26.1	195,732	170,375
Expenses from Investment Activities (-)	26.3	(4,433)	-
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	26.2	(666,941)	4,886,643
Operating Activity Profit/(Loss) Before Financial Expense		8,641,483	(5,072,379)
Financial Income	27.1	15,015,882	11,057,253
Financial Expenses (-)	27.2	(8,203,487)	(30,949,609)
Operating Activity Profit/(Loss) Before Taxation		15,453,878	(24,964,735)
Operating Activity Tax Income/(Expense)			
Current Tax Expense/(Income)	28	(54,487)	(156,554)
Deferred Tax Expense/(Income)	28	(2,498,473)	1,969,746
Current Period Operating Activity Profit / (Loss)		12,900,918	(23,151,543)
Profit/(Loss) for the Period		12,900,918	(23,151,543)
Distribution of the Period Income/(Loss)			
Minority Interests	22.6	18,709	115,635
Parent Company's Shares		12,882,209	(23,267,178)
Earnings Per Share	29	0.0515	(0.0931)
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Defined benefit plans remeasurement gains / (losses)		(760,791)	(2,694,690)
- Deferred Tax Income / (Expense)		152,158	538,938
Other Comprehensive Income		(608,633)	(2,155,752)
Total Comprehensive Income/(Expense)		12,292,285	(25,307,295)
Distribution of Total Comprehensive Income			
Minority Interests		1,917	115,635
Parent Company's Shares		12,290,368	(25,422,930)

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 MARCH 2016 AND 2015
 (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)	Restricted Reserves	Retained Profits		Parent Company's Equity	Minority Interests	Total Equity
				Defined Benefit Plans Remeasurement Gains / (Losses)		Accumulated Profit/Loss	Net Profit/Loss For The Period			
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	-	-	(2,155,752)	-	-	(23,267,178)	(25,422,930)	115,635	(25,307,295)
Balances at 31.03.2015	22	250,000,000	485,133	(3,337,331)	10,209,777	61,496,331	(23,267,178)	295,586,732	2,028,402	297,615,134
Balances at 01.01.2016	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
Transfers	22	-	-	-	-	(29,905,314)	29,905,314	-	-	-
Total Comprehensive Income/(Loss)	22	-	-	(608,633)	-	-	12,882,209	12,273,576	1,917	12,275,493
Balances at 31.03.2016	22	250,000,000	485,133	1,198,862	10,209,777	31,591,017	12,882,209	306,366,998	1,779,445	308,146,443

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 MARCH 2016 AND 2015
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

	Footnote References	<i>Unreviewed</i> Current Period 01.01- 31.03.2016	<i>Unreviewed</i> Prior Period 01.01- 31.03.2015
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		(74,584,138)	(53,979,980)
Profit/(Loss) for the Period		12,900,918	(23,151,543)
Adjustments Related with Net Profit/Loss for The Period		13,566,106	4,072,620
Adjustments for depreciation, amortisation expenses	16-17	4,465,089	4,464,918
Adjustments related to the provisions			
- Adjustments for provisions (reverses) related to employee benefits	19-24.2	3,494,103	1,333,551
- Adjustments for other provisions (reverses)	19	454,881	276
Adjustments for interest expenses	8-27	2,105,039	1,698,619
- Adjustments for fair value losses (profits)			
- Adjustments for financial assets fair value losses /(profits)	5	6,980	(3,982)
- Adjustments for financial instruments fair value losses /(profits)	10-27	156,702	1,353,114
- Adjustments for retained earnings of investments subject to Equity Pick-up Method			
Adjustment for retained earnings of subsidiaries	15	666,941	(4,886,643)
Deferred Financial Income arise from forward sales	25.1	888,297	1,058,168
Deferred Financial Expense Arise From Forward Sales	25.2	(1,224,886)	867,791
Adjustments For Tax Income /(Expense)	28	2,552,960	(1,813,192)
Changes in the Company Capital		(101,041,392)	(30,900,169)
Increase/decrease in financial assets	5	(2,256,280)	(5,911,325)
Adjustments for increase/decrease in trade receivables	7	6,161,096	73,036
Adjustments for increase/decrease in inventories	11	(43,222,257)	(19,468,486)
Increase/decrease in biological assets	12	(9,241)	(554,664)
Adjustments for increase/decrease in other receivables related to the operations	9-14-21	(70,015,500)	(7,236,652)
Increase/decrease in prepaid expenses	13	(386,443)	54,413
Adjustments for increase/decrease in trade payables	7	7,055,706	4,748,064
Increase/decrease in employee benefits liabilities	20	770,154	(647,007)
Adjustments for increase/decrease in other payables related to the operations	9	(491,240)	4,771,427
Increase/decrease in deferred tax	13	1,525,762	(6,190,037)
Adjustments for increase/decrease changes in Company capital			
- Increase/Decrease in Other Liabilities Related to the Operations	19	(173,149)	(538,938)
Cash Flow from Operating Activities		(74,574,368)	(49,979,092)
Tax Payments/Returns	28	(9,770)	(4,000,888)
B. NET CASH FLOW FROM INVESTING ACTIVITIES		(3,303,236)	(3,238,965)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets	16-17	28,056	43,196
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets	16-17	(3,331,292)	(3,282,161)
C. NET CASH FLOW FROM FINANCING ACTIVITIES		31,272,267	27,183,056
Cash Inflows/Outflows from Financial Liabilities	8	32,813,913	31,800,028
Cash Outflows from Finance Leases	8	(1,541,646)	(4,616,972)
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C)		(46,615,107)	(30,035,889)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		66,387,256	124,275,728
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)		19,772,149	94,239,839

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 MARCH 2016

(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 by “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 March 2016, 3,799 personnel are employed by the Company and average number of personnel is 3,815 for the period of 01.01-31.13.2016.

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 in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	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 in a day):

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 MARCH 2016

(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 March 2016, 200 personnel are employed by the Company and the average number of personnel is 199 for the period of 01.01-31.03.2016.

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

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 March 2016 and 31 December 2015, the capital structure of subsidiaries and participations are as follows :

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

	31.03.2016	31.12.2015
	Ratio %	Ratio %
Public Offered Shares	47.32	47.32
Akça Holding A.Ş.	50.29	50.29
Other	2.39	2.39
	100%	100%

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

	31.03.2016	31.12.2015
	Ratio %	Ratio %
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	22.01	22.01
Rıza Akça	37.86	37.86
Dilek Göksan	18.93	18.93
Ahmet Bilge Göksan	18.93	18.93
Erbil Akça	2.27	2.27
	100%	100%

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 31 MARCH 2016**

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

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.03.2016	31.12.2015
	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)

	31.03.2016	31.12.2015
	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)

	31.03.2016	31.12.2015
	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)

	31.03.2016	31.12.2015
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.00	45.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	37.50	37.50
Akça Holding A.Ş.	7.50	7.50
Rıza Akça	5.00	5.00
Dilek Göksan	2.50	2.50
Ahmet Bilge Göksan	2.50	2.50
	100%	100%

Tan Elektrik Üretim A.Ş. (Participation)

	31.03.2016	31.12.2015
	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	1.00
Ahmet Bilge Göksan	1.00	1.00
	100%	100%

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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 March 2016 and 31 December 2015, 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.

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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 March 31,2016 and December 31,2015 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 March 2016, TRY 407,751 which are "Personnel Expenses", are shown in the "Cost of Sales" are classified to the "General Administrative Expenses".
- In the income statement for the period ended at 31 March 2016, TRY 54,465 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 March 2016, TRY 17,399 which are "Distribution Expenses", are shown in the "Cost of Sales" are classified to the "General Administrative Expenses".
- In the income statement for the period ended at 31 March 2016, TRY 31,382 which are "Personnel Expenses" are shown in the "Marketing Expenses" are classified to the "Cost of Sales".
- In the income statement for the period ended at 31 March 2016, TRY 813,970 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

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January-31 March 2016 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2015, except for the new and amended TAS/IFRS standards which are valid as of 1 January 2016 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarized below.

Standards, amendments and interpretations effective as of 1 January 2016:

- TFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to TAS 16 and TAS 38)
- TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) - Bearer Plants
- TAS 27 - Equity Method in Separate Financial Statements (Amendments to TAS 27)
- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)
- TAS 1: Disclosure Initiative (Amendments to TAS 1)
- Annual Improvements to TFRSs - 2012-2014 Cycle

These amendments did not have any impact on the financial position or performance of the Group.

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Standards, amendments and improvements issued but not yet effective and not early adopted:

- TFRS 9 Financial Instruments - Classification and Measurement

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:

- Annual Improvements - 2010 - 2012 Cycle (IFRS 13 Fair Value Measurement - Basis for Conclusions)
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 15 - Revenue from Contracts with Customers (Amendment)
- IFRS 9 - Financial Instruments - Final standard (2014)
- IFRS 16 - Leases
- IAS 12 - Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)
- IAS 7 - 'Statement of Cash Flows (Amendments) - Amendments

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

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.

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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.

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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.

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

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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 March 2016, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 4,093 (31 December 2015: TRY 3,828) per year of employment at the rate of pay applicable at the date of retirement.

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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.

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Revenue

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

Sales of goods:

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

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

Rendering of services:

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

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

Interest income:

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

Dividend and other incomes:

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

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

Leasing Procedures

Operating lease as owner

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

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

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The Effects of Exchange Rates

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

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

	31.03.2016	31.12.2015
USD	2.8334	2.9076
EUR	3.2081	3.1776
GBP	4.0766	4.3007
CHF	2.9324	2.9278

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.

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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.

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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.

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

Distinction of tangible fixed assets and Investment properties:

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

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

2.h. Segment Reporting of Operation Results

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

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NOTE 3 – SEGMENT REPORTING

31 March 2016	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS				-
Cash and Cash Equivalents	19,713,806	58,343	-	19,772,149
Financial Investments	8,269,318	-	-	8,269,318
Trade Receivables	37,463,848	957,702	-	38,421,550
Other Receivables	204,814,703	129,388	(18,289,436)	186,654,655
Derivative Financial Instruments	603,504	-	-	603,504
Inventories	221,471,343	638,623	-	222,109,966
Biological Assets	-	5,817,241	-	5,817,241
Prepaid Expenses	2,318,023	205,879	-	2,523,902
Current Tax Assets	77,963	146,784	-	224,747
Other Current Assets	15,068,806	3,575,768	-	18,644,574
Current Assets	509,801,314	11,529,728	(18,289,436)	503,041,606
Other Receivables	53,562	14,721	-	68,283
Investments Valued by Equity Pick-up Method	148,750,272	-	(9,500,000)	139,250,272
Tangible Assets	125,588,485	24,111,769	-	149,700,254
Intangible Assets	117,583	8,439	-	126,022
Prepaid Expenses	91,951	138,658	-	230,609
Deferred Tax Assets	16,950,162	611,284	(580,042)	16,981,404
Non-Current Assets	291,552,015	24,884,871	(10,080,042)	306,356,844
TOTAL ASSETS	801,353,329	36,414,599	(28,369,478)	809,398,450
LIABILITIES				
Financial Borrowings	278,576,440	-	-	278,576,440
Current Installments of Long Term Financial Borrowings	34,486,120	3,108,478	-	37,594,598
Trade Payables	77,755,966	1,367,894	-	79,123,860
Employee Benefits Liabilities	6,209,790	361,604	-	6,571,394
Other Payables	1,626,232	18,442,130	(18,289,436)	1,778,926
Derivative Financial Instruments	136,598	-	-	136,598
Deferred Incomes	23,327,917	299,554	-	23,627,471
Current Tax Liabilities of Period Profit	-	54,487	-	54,487
Current Provisions	1,492,626	-	-	1,492,626
Current Liabilities	423,611,689	23,634,147	(18,289,436)	428,956,400
Long Term Borrowings	44,953,509	3,107,472	-	48,060,981
Provisions For Long Term Employee Benefits	21,695,473	447,619	-	22,143,092
Deferred Tax Liabilities	2,083,556	588,020	(580,042)	2,091,534
Non-Current Liabilities	68,732,538	4,143,111	(580,042)	72,295,607
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	1,224,935	(42,865)	16,792	1,198,862
Restricted Reserves	10,147,245	62,532	-	10,209,777
Retained Earnings / Losses	34,340,675	(3,472,130)	722,472	31,591,017
Net Profit / Loss for the Period	12,811,114	89,804	(18,709)	12,882,209
Minority Interest	-	-	1,779,445	1,779,445
SHAREHOLDERS' EQUITY	309,009,102	8,637,341	(9,500,000)	308,146,443
TOTAL LIABILITIES	801,353,329	36,414,599	(28,369,478)	809,398,450

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31 March 2016	Textile Sector	Agricultural Sector	Elimination	Total
Revenue	102,784,984	4,196,625	-	106,981,609
Cost of Sales (-)	(89,799,192)	(2,991,890)	-	(92,791,082)
GROSS PROFIT/LOSS	12,985,792	1,204,735	-	14,190,527
General Administrative Expenses (-)	(2,990,365)	(202,650)	-	(3,193,015)
Marketing Expenses (-)	(2,425,509)	(231,245)	-	(2,656,754)
Other Operating Income	2,734,033	292,515	-	3,026,548
Other Operating Expenses (-)	(2,216,131)	(34,050)	-	(2,250,181)
OPERATING PROFIT/LOSS	8,087,820	1,029,305	-	9,117,125
Investing Activities Income	195,732	-	-	195,732
Investing Activities Losses (-)	(4,433)	-	-	(4,433)
Profit /Loss from the Participations Valued by Equity Pick-up Method	(666,941)	-	-	(666,941)
OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES	7,612,178	1,029,305	-	8,641,483
Financial Income (+)	15,489,353	71	(473,542)	15,015,882
Financial Expenses (-)	(8,063,353)	(613,676)	473,542	(8,203,487)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	15,038,178	415,700	-	15,453,878
Continuing Operations Tax Income/Expense				
- Income/Expense Tax for the period	-	(54,487)	-	(54,487)
- Deferred Tax Income/Expense	(2,227,064)	(271,409)	-	(2,498,473)
PROFIT/(LOSS) FOR THE PERIOD	12,811,114	89,804	-	12,900,918

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	31.03.2016	31.03.2015
Germany	65%	48%
Italy	8%	9%
France	5%	9%
U.S.A.	5%	5%
China	2%	5%
United Kingdom	2%	8%
Other	13%	16%
	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 March 2016, 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 48%. (31.12.2015: 42%).

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 March 2016 and 31 December 2015, the details of cash and cash equivalents are as follows:

	31.03.2016	31.12.2015
Cash	17,115	39,963
Banks	19,708,988	66,259,095
<i>Demand deposits</i>	14,053,404	2,169,507
<i>Time deposits</i>	5,655,584	64,089,588
Interest accruals for banks	46,046	88,198
	19,772,149	66,387,256

As of 31 March 2016 and 31 December 2015, maturity schedule of time deposits in the cash and cash equivalents are as follows:

	31.03.2016	31.12.2015
Within 1 month	267,238	55,297,587
1-3 months	5,388,346	8,792,001
	5,655,584	64,089,588

As of 31 March 2016, effective interest rates of time deposits in TRY and USD are 11.31 % and 1.57% (31.12.2015: for TRY 12.99%, USD 1.86%) respectively.

As of 31 March 2016, average maturity date of time deposits is 77 days (31 December 2015: 13 days). As of 31 March 2016, time deposits consist of TRY 267,238 and USD 1,901,725 (TRY 5,388,346) (31.12.2015: TRY 55,297,587 and USD 3,023,800 (TRY 8,792,001)).

As of 31 March 2016, the Group's time deposits within the 3 months has hypothec against loans used from Şekerbank T.A.Ş, with USD 1,000,000 (TRY 2,833,400) (31.12.2015: USD 1,850,000 (TRY 5,379,060) and TRY 55,000,000).

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	31.03.2016	31.12.2015
Deposits with maturities over 3 months	8,216,860	5,960,580
Bank interest accruals	52,458	59,438
	8,269,318	6,020,018

As of 31 March 2016, the average maturity of time deposits are 250 days. (31.12.2015: 182). As of 31 March 2016, time deposit consist of USD 2,900,000 (TRY 8, 216,860) (31.12.2015: USD 2,050,000 (TRY 5, 960,580)).

As of 31 March 2016, the blockage's amount more than 3 months on bank deposits of the Group are USD 2,900,000 (TRY 8,216,860) for the borrowings which are taken from Şekerbank T.A.Ş (31.12.2015: USD 2,050,000 (TRY 5,960,580)).

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	31.03.2016	31.12.2015
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	4,620,661	4,429,739
Menderes Tekstil Pazarlama A.Ş.	-	5,091,911
Akçamen Tekstil A.Ş.	-	777,261
Unearned Interests	(39,261)	(220,416)
	4,581,400	10,078,495

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

	31.03.2016	31.12.2015
Menderes Tekstil Pazarlama A.Ş.	184,802	2,219,987
	184,802	2,219,987

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

	31.03.2016	31.12.2015
Selin Tekstil Sanayi ve Ticaret A.Ş.	6,177,092	5,979,720
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	332,025	452,921
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	146,450	116,230
Akçamen Tekstil A.Ş.	140,402	-
Unearned Interest	(62,195)	(58,584)
	6,733,774	6,490,287

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

	31.03.2016	31.12.2015
Due from shareholders		
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	99,038,740	42,557,543
Akça Holding A.Ş.	248,016	551,054
Other receivables from related parties		
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	63,203,753	58,745,082
Tan Elektrik Üretim A.Ş.	20,371,197	12,232,100
Akça Solar Üretim Sanayi Ticaret A.Ş.	83,708	66,471
	182,945,414	114,152,250

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

	31.03.2016	31.12.2015
Due to shareholders		
Rıza Akça	470,162	350,662
Ali Atlamaz	13,450	13,450
Ahmet Bilge Göksan	14,697	-
Dilek Göksan	103	121
	498,412	364,233

f) Advances received from related parties:

	31.03.2016	31.12.2015
Menderes Tekstil Pazarlama A.Ş.	3,617,314	-
	3,617,314	-

g) Advances given to related parties:

	31.03.2016	31.12.2015
Rıza Akça	395,967	-
	395,967	-

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

a) Sales to related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Menderes Tekstil Pazarlama A.Ş.	14,758,392	24,207,838
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	708,438	1,307,015
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	20,466	-
Aktur Araç Muayene İstasyonları İşl. A.Ş.	-	14,000
	15,487,296	25,528,853

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b) Purchases of fixed assets from related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Akçamen Tekstil Sanayi Ticaret A.Ş.	775,500	-
	775,500	-

c) Purchases from related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Selin Tekstil Sanayi ve Ticaret A.Ş.	9,905,000	7,558,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	124,110	98,500
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	104,250
Akça Holding A.Ş.	5,313	5,587
Aktur Araç Muayene İstasyonları İşl. A.Ş	256	946
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,019	-
	10,035,698	7,767,283

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

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Members of the Board of Directors	82,085	70,413
	82,085	70,413

b) Service expenses paid to related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	40,661	51,591
Akça Holding A.Ş.	123,757	100,994
	164,418	152,585

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c) Rent income from related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	21,000	19,500
Akça Holding A.Ş.	21,000	19,500
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	21,000	19,500
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	8,100	7,500
Selin Tekstil Sanayi ve Ticaret A.Ş.	8,100	7,500
Menderes Tekstil Pazarlama A.Ş.	3,210	3,000
Akçamen Tekstil Sanayi Ticaret A.Ş.	2,580	2,400
	84,990	78,900

d) Service income from related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Menderes Tekstil Pazarlama A.Ş.	17,700	16,500
	17,700	16,500

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	201,179	1,545,982
Akça Holding A.Ş.	1,364	2,331
	202,543	1,548,313

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	2,852,148	3,350,909
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	1,567,487	1,478,176
Tan Elektrik Üretim A.Ş.	372,456	110,239
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	105,768	-
Akça Solar Enerji Üretim San. ve Tic. A.Ş.	1,943	9,154
Akça Holding A.Ş.	11,317	346
	4,911,119	4,948,824

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	101,197	102,390
Akça Holding A.Ş.	6,603	-
	107,800	102,390

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	9,034	23,549
Akça Holding A.Ş.	431	-
	9,465	23,549

i) Rent expenses paid to related parties:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Menderes Tekstil Pazarlama A.Ş.	90,000	84,000
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	8,730	-
	98,730	84,000

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

	01.01.- 31.03.2016	01.01.- 31.03.2015
Akçamen Tekstil Sanayi Ticaret A.Ş.	4,760	1,556
	4,760	1,556

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.03.2016	31.12.2015
Trade receivables	31,112,558	30,434,219
Cheques and notes	398,158	330,634
Unearned interest on trade receivables	(121,262)	(161,139)
Doubtful trade receivables	539,390	543,793
Provision for doubtful receivables (-)	(539,390)	(543,793)
Income accruals	2,265,894	2,568,747
Trade Receivables From Third Parties	33,655,348	33,172,461
Trade receivables from related parties (Note 6-i-a)	4,620,661	10,298,911
Income accruals from related parties (Note 6-i-b)	184,802	2,219,987
Unearned interests on receivables from related parties (Note 6-i-a)	(39,261)	(220,416)
Trade Receivables From Related Parties	4,766,202	12,298,482
Total Short-Term Trade Receivables	38,421,550	45,470,943

As of 31 March 2016, the average maturity of trade receivables are 22 days (31 December 2015: 27 days).

Maturity schedule of notes receivable as of 31 March 2016 and 31 December 2015 are as follows:

	31.03.2016	31.12.2015
1-30 days	322,602	134,040
31-60 days	-	86,574
61-90 days	56,268	68,774
91-120 days	19,288	41,246
	398,158	330,634

As of 31 March 2016 and 31 December 2015, provision for doubtful receivables movement schedule is as follows:

	31.03.2016	31.12.2015
Opening balance	543,793	247,204
Offsetting of balances that cannot be collected (*)	(4,403)	(143,599)
Provisions for the period	-	440,188
Closing Balance	539,390	543,793

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

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Short Term Trade Payables

	31.03.2016	31.12.2015
Trade payables	55,117,976	57,382,296
Unearned interests on trade payables	(639,236)	(566,870)
Notes payables	18,043,240	10,078,110
Unearned interests on payables	(141,900)	(102,320)
Expense accruals	10,006	11,537
Trade Payables to Third Parties	72,390,086	66,802,753
Payables to related parties (Note 6-i-c)	6,795,969	6,548,871
Unearned interests on notes payables to related parties (Note 6-i-c)	(62,195)	(58,584)
Trade Payables to Related Parties	6,733,774	6,490,287
Total Short Term Trade Payables	79,123,860	73,293,040

As of 31 March 2016, the average maturity of trade payables are 64 days (31 December 2015: 60 days).

As of 31 March 2016, sureties were given amounting to USD 1,731,081 (TRY 4,904,844) and EUR 213,824 (TRY 685,967) for trade payables of the Group by bank (31.12.2015: USD 1,572,795 (TRY 4,573,059) and EUR 567,626 (TRY 1,803,688)) (Note:18).

As of 31 March 2016 and 31 December 2015, maturity breakdown of notes payables are as follows:

	31.03.2016	31.12.2015
Overdue	22,951	22,527
1 – 30 days	5,824,808	4,512,324
31 – 60 days	4,610,476	3,770,733
61 – 90 days	3,195,182	1,516,122
91 – 120 days	4,389,823	41,224
121 – 150 days	-	215,180
	18,043,240	10,078,110

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NOTE 8 – FINANCIAL BORROWINGS

	31.03.2016	31.12.2015
Short Term Borrowings:		
TRY borrowings	823,437	254,558
USD borrowings	223,820,382	203,031,205
EUR borrowings	52,896,459	25,610,635
GBP borrowings	467,689	2,393,070
Accrued Interest of Short Term Borrowings:		
USD accrued interests of borrowings	308,784	333,305
EUR accrued interests of borrowings	259,689	119,395
Short Term Financial Borrowings	278,576,440	231,742,168
Lease Payables:		
USD lease payables, net	-	51,553
EUR lease payables, net	6,025,685	6,170,753
Borrowings:		
USD borrowings	9,231,730	21,180,272
EUR borrowings	20,800,617	14,391,029
Accrued Interests of Long Term Borrowings:		
TRY accrued interest of borrowings	636,642	560,572
USD accrued interest of borrowings	899,924	532,541
Current Installments of Long-Term Borrowings	37,594,598	42,886,720
Long Term Lease Payables:		
EUR lease payables, net	5,637,573	6,982,598
Long Term Borrowings:		
USD borrowings	3,786,291	2,806,904
EUR borrowings	38,637,117	46,436,323
Long Term Financial Borrowings	48,060,981	56,225,825
Total Financial Liabilities	364,232,019	330,854,713

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 31 MARCH 2016**

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As of 31 March 2016 and 31 December 2015, maturity analyses of borrowings and other financial borrowings are as follows:

	31.03.2016	31.12.2015
Within 3 months	116,416,247	87,438,806
Between 3 - 12 months	191,624,067	179,421,963
Between 1 - 5 years	40,618,548	43,466,877
More than 5 years	1,804,860	5,776,350
	350,463,722	316,103,996

As of 31 March 2016 and 31 December 2015, maturity schedule of long term bank borrowings are as follows:

	31.03.2016	31.12.2015
Between 1-2 years	16,774,504	15,322,603
Between 2-3 years	10,989,042	13,783,634
Between 3-4 years	6,427,500	7,974,720
Between 4-5 years	6,427,502	6,385,920
Between 5-6 years	1,804,860	5,406,160
Between 6-7 years	-	370,190
	42,423,408	49,243,227

As of 31 March 2016, effective interest rates for USD, EUR and GBP bank loans are 2.94%, 3.94% and 3.40% (31.12.2015: USD-2.71%, EUR-4.25% and GBP-3.40%) 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 371,033,730), EUR 21,000,000 (TRY 67,370,100) and TRY 73,910,000.

As of 31 March 2016 and 31 December 2015, the details of financial leasing borrowings of Group are as follows:

	31.03.2016	31.12.2015
Short term lease payables	6,407,265	6,669,535
Cost of deferred lease payables (-)	(381,580)	(447,229)
	6,025,685	6,222,306
	31.03.2016	31.12.2015
Long term lease payables	5,811,086	7,223,692
Cost of deferred lease payables (-)	(173,513)	(241,094)
	5,637,573	6,982,598

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As of 31 March 2016, the payment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	6,407,265	(381,580)	6,025,685
Between 1 – 2 years	4,477,424	(150,124)	4,327,300
Between 2 – 3 years	1,308,049	(23,255)	1,284,794
Between 3 – 4 years	25,613	(134)	25,479
	12,218,351	(555,093)	11,663,258

As of 31 December 2015, the payment 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

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.03.2016	31.12.2015
Deposit and guarantees given	1,848	1,847
VAT return receivables	3,578,005	4,226,975
Other receivables	129,388	-
Other Receivables from Third Parties	3,709,241	4,228,822
Receivables from shareholders (Note 6-i-d) (*)	99,286,756	43,108,597
Receivables from related parties (Note 6-i-d)	83,658,658	71,043,653
Other Receivables From Related Parties	182,945,414	114,152,250
Total Other Current Receivables	186,654,655	118,381,072

As of 31 March 2016, non-trade receivables from related parties comprise 36.45% of total current assets and 22.65% of total assets. (As of 31 December 2015, it composes 25.87% of the total current assets and 15.18% of total assets).

(*) The amount of TRY 99,038,740 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 01.01-31.03.2016, the calculated interest for the amount, TRY 2,852,148 is recorded on the accompanying income statement.

Other Non-Current Receivables

	31.03.2016	31.12.2015
Deposits and guarantees given	68,283	66,408
	68,283	66,408

Other Current Payables

	31.03.2016	31.12.2015
Deposit and guarantees received	10,148	10,148
Taxes and funds payables	1,270,366	1,895,785
Other Payables to Third Parties	1,280,514	1,905,933
Payables to shareholders (Note 6-i-e)	498,412	364,233
Other Payables to Related Parties	498,412	364,233
Total Other Current Payables	1,778,926	2,270,166

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NOTE 10 – DERIVATIVE INSTRUMENTS

	31.03.2016	31.12.2015
Income accrual of forward exchange	603,504	1,079,408
	603,504	1,079,408
	31.03.2016	31.12.2015
Expense accrual of forward exchange	136,598	455,800
	136,598	455,800

NOTE 11 – INVENTORIES

	31.03.2016	31.12.2015
Raw materials	81,797,722	75,754,075
Work in progress	101,177,746	69,950,218
Finished goods	37,306,300	31,613,988
Merchandises	679,672	468,562
Other inventories	1,148,526	1,100,866
	222,109,966	178,887,709

All inventories of the Group are insured.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	31.03.2016	31.12.2015
Biological assets (tomato)	5,817,241	5,808,000
	5,817,241	5,808,000

Group's biological assets are consisting from 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.

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NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.03.2016	31.12.2015
Order advances given	1,775,484	1,182,556
Prepaid expenses	343,253	640,416
Advances given for business purposes	405,165	263,921
	2,523,902	2,086,893

Long Term Prepaid Expenses

	31.03.2016	31.12.2015
Advances given for purchases of tangible assets	89,453	136,186
Prepaid expenses	141,156	144,989
	230,609	281,175

Short Term Deferred Income

	31.03.2016	31.12.2015
Advances received	23,627,471	22,101,709
	23,627,471	22,101,709

NOTE 14 – CURRENT PERIOD TAX INCOME ASSETS

	31.03.2016	31.12.2015
Prepaid taxes and funds	224,747	288,829
	224,747	288,829

NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 31 March 2016 and 31 December 2015, the Companies are as follows:

	31.03.2016	Share(%)	31.12.2015	Share(%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	653,121	20%	1,008,851	20%
Menderes Tekstil Pazarlama A.Ş.	11,921,189	45%	11,773,434	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	126,675,962	48%	127,134,928	48%
	139,250,272		139,917,213	

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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 March 2016 and 31 December 2015 are as follows:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

	31.3.2016	31.12.2015
Current assets	12,800,458	11,048,024
Non-current assets	87,389,261	82,107,875
Total Assets	100,189,719	93,155,899
Current liabilities	72,306,191	62,931,741
Non-current liabilities	24,617,924	25,179,901
Shareholders' Equity	3,265,604	5,044,257
Total Equities	100,189,719	93,155,899
Sales, net	1,295,356	1,909,394
Cost of sales	(1,556,048)	(2,411,131)
Net profit / (loss)	(1,778,347)	(2,944,874)

As of 31 March 2016, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. has construction in progress amounting to TRY 5,908,003 (31 December 2015: TRY 226,493).

Menderes Tekstil Pazarlama A.Ş.

	31.3.2016	31.12.2015
Current assets	16,670,173	23,592,293
Non-current assets	10,673,878	10,695,889
Total Assets	27,344,051	34,288,182
Current liabilities	516,574	7,726,136
Non-current liabilities	335,945	398,860
Shareholders' equity	26,491,532	26,163,186
Total Equities	27,344,051	34,288,182
Sales, net	15,602,634	72,550,106
Cost of sales	(14,728,299)	(69,765,621)
Net profit / (loss)	394,716	3,667,951

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Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	31.3.2016	31.12.2015
Current assets	58,775,525	63,144,976
Non-current assets	322,682,129	332,938,583
Total Assets	381,457,654	396,083,559
Current liabilities	48,342,637	43,488,633
Non-current liabilities	69,206,763	87,730,492
Shareholders' equity	263,908,254	264,864,434
Total Equities	381,457,654	396,083,559
Sales, net	59,261,250	245,603,054
Cost of sales	(51,899,753)	(207,671,518)
Net profit / (loss)	848,104	48,240,981

Tan Elektrik Üretim A.Ş.

	31.3.2016	31.12.2015
Current assets	1,408,472	1,162,291
Non-current assets	36,802,780	34,898,369
Total Assets	38,211,252	36,060,660
Current liabilities	22,714,915	15,653,790
Non-current liabilities	22,760,704	23,491,078
Shareholders' equity	(7,264,367)	(3,084,208)
Total Equities	38,211,252	36,060,660
Sales, net	1,810,320	6,610,739
Cost of sales	(1,175,280)	(4,576,497)
Net profit / (loss)	(4,180,470)	(4,646,650)

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NOTE 16 – TANGIBLE FIXED ASSETS

Cost Value	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
31 December 2015 opening 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
Additions	-	199,106	1,119,585	86,279	780,670	1,144,404	3,330,044
Disposals	-	-	(22,423)	(136,125)	(11,995)	-	(170,543)
31 March 2016 closing balance	30,640,212	64,021,209	257,945,305	1,809,417	12,855,933	1,085,822	368,357,898
Accumulated Depreciation							
31 December 2015 opening 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
Additions	524,543	321,622	3,124,681	66,601	407,612	-	4,445,059
Disposals	-	-	(21,862)	(116,317)	(5,556)	-	(143,735)
31 March 2016 closing balance	7,449,774	16,752,033	189,568,091	846,007	4,041,739	-	218,657,644
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
31.03.2016, Net Book Value	23,190,438	47,269,176	68,377,214	963,410	8,814,194	1,085,822	149,700,254

As of 31 March 2016, the depreciation expense of tangible fixed assets for the period is TRY 4,445,059 (31 December 2015: TRY 17,763,217).

As of 31 March 2016, fixed assets are insured for TRY 239,600,283, EUR 12,548,500 (TRY 40,256,843) and USD 344,393 (TRY 975,804). (31 December 2015: TRY 239,564,883; EUR 12,548,500 (TRY 39,874,114); USD 344,393 (TRY 1,001,358)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 371,033,730), EUR 21,000,000 (TRY 67,370,100) and TRY 73,910,000.

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NOTE 17 – INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
31 December 2015 opening balance	39,220	187,839	227,059
Additions	-	139,444	139,444
31 December 2015 closing balance	39,220	327,283	366,503
Additions	-	1,248	1,248
Disposals	-	(1,248)	(1,248)
31 March 2016 closing balance	39,220	327,283	366,503
Accumulated Depreciation			
31 December 2015 opening 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
Additions	583	19,447	20,030
31 March 2016 closing balance	30,781	209,700	240,481
31.12.2015, Net Book Value	9,022	137,030	146,052
31.03.2016, Net Book Value	8,439	117,583	126,022

As of 31 March 2016, the amortization expense of intangible fixed assets for the period is TRY 20,030 (31 December 2015: TRY 81,164).

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 March 2016 and 31 December 2015, the Group's guarantee / security / mortgage position are as follows:

Guarantees, security and mortgage (GSM) given by the Group	31.03.2016	31.12.2015
A. Total Amount of GSM given on behalf of legal entity	628,916,459	644,548,404
B. Total Amount of GSM given for partnerships which included in full consolidation	None	None
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Company</i>	None	None
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
Total	628,916,459	644,548,404

As of 31 March 2016 and 31 December 2015, the Group has not given any GSM in favor of other parties.

For the credits, avals do not exist in favor of related parties by Group. For credit contracts of the Group, USD 131,990,000 (TRY 373,980,466), EUR 5,000,000 (TRY 16,040,500) and TRY 113,500,000 avals are provided by related parties (Akça Holding and Osman Akça) (31 December 2015: USD 137,990,000 (TRY 401,219,724), EUR 5,000,000 (TRY 15,888,000) and TRY 113,500,000).

As of 31 March 2016, details of mortgage on lands and buildings are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	72,310,000	1.0000	72,310,000
Türkiye Vakıflar Bankası T.A.O	USD	130,950,000	2.8334	371,033,730
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	3.2081	67,370,100
				512,313,830

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As of 31 March 2016, 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	1,251,379	1.0000	1,251,379
Custom Office	TRY	5,654,271	1.0000	5,654,271
Credit Guarantee	USD	1,115,000	2.8334	3,159,241
Enforcement Office	TRY	92,701	1.0000	92,701
Other	TRY	25,902	1.0000	25,902
				10,183,494

As of 31 March 2016, 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	5,836,472	1.0000	5,836,472
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bankası A.Ş.	TRY	1,103,880	1.0000	1,103,880
Türkiye Finans Katılım Bankası A.Ş.	USD	1,115,000	2.8334	3,159,241
Akbank T.A.Ş.	TRY	25,901	1.0000	25,901
				10,183,494

As of 31 March 2016, 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	895,663	2.8334	2,537,772
Türkiye Vakıflar Bankası T.A.O	EUR	213,824	3.2081	685,969
Finansbank A.Ş.	USD	835,418	2.8334	2,367,073
				5,590,814

As of 31 March 2016, the Group's time deposits within the 3 months have hypothec against loans used from Şekerbank T.A.Ş. USD 1,000,000 (TRY 2,833,400)(31.12.2015: USD 1,850,000 (TRY 5,379,060) and TRY 55,000,000).

As of 31 March 2016, the Group's time deposits longer than 3 months have hypothec against loans used from Şekerbank T.A.Ş. USD 2,900,000 (TRY 8,216,860) from Şekerbank T.A.Ş. (31.12.2015: USD 2,050,000 (TRY 5,960,580)).

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As of 31 March 2016, 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
Denizbank A.Ş.	USD	9,000,000	2.8334	25,500,600
Eximbank A.Ş.	USD	25,000,000	2.8334	70,835,000
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	2.8334	26,917,300
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	20,000,000	2.8334	56,668,000
Şekerbank A.Ş.	TRY	8,500,000	1.0000	8,500,000
Şekerbank A.Ş.	EUR	5,000,000	3.2081	16,040,500
ICBC Turkey Bank A.Ş.	USD	3,490,000	2.8334	9,888,566
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	2.8334	184,171,000
				503,520,966

As of 31 March 2016, details of the guarantee cheques given are as follows:

Guarantee Cheques Given	Bank Name	FX Currency	FX Amount	FX Rate	TRY Equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	2,990,000	2.8334	8,471,866
					8,471,866

As of 31 March 2016, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	32,200,000	2.8334	91,235,480
Eximbank	EUR	1,275,000	3.2081	4,090,328
				95,325,808

As of 31 March 2016, 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	13,500,000	2.8334	38,250,900
Türk Eximbank	Denizbank A.Ş.	USD	3,000,000	2.8334	8,500,200
Türk Eximbank	Şekerbank T.A.Ş.	USD	1,650,000	2.8334	4,675,110
Türk Eximbank	Finansbank A.Ş.	USD	1,200,000	2.8334	3,400,080
Türk Eximbank	Halkbank A.Ş.	USD	8,500,000	2.8334	24,083,900
Türk Eximbank	Odeabank A.Ş.	USD	750,000	2.8334	2,125,050
Türk Eximbank	Türkiye Finans Katılım Bankası A.Ş.	USD	3,600,000	2.8334	10,200,240
Türk Eximbank	Albaraka Türk Katılım Bankası A.Ş.	EUR	600,000	3.2081	1,924,860
Türk Eximbank	Odeabank A.Ş.	EUR	675,000	3.2081	2,165,468
					95,325,808

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NOTE 19 – SHORT TERM PROVISIONS

Other Short Term Provisions

	31.03.2016	31.12.2015
Provision for the lawsuits	202,513	202,513
Provision for unused personnel leave	1,290,113	835,232
	1,492,626	1,037,745

Long Term Provisions for Employee Benefits

	31.03.2016	31.12.2015
Provision for severance pay	22,143,092	18,040,356
	22,143,092	18,040,356

For the period of 01 January – 31 March 2016, average personnel number including subcontractors employed by the Group is 4,013 (01.01-31.12.2015: 3,999). The rate of retirement probability used is 97%.(01.01-31.12.2015: 97%).

For the period ended at 31 March 2016 and 31 December 2015, the movement schedule of severance pay provision is as follows:

	31.03.2016	31.12.2015
Balance of 1 January	18,040,356	9,612,627
Increase in the period	3,926,224	18,376,945
Interest cost	312,808	422,993
Payments	(918,077)	(6,635,867)
Actuarial profit/(loss)	781,781	(3,736,342)
Balance at the end of the period	22,143,092	18,040,356

NOTE 20 – EMPLOYEE BENEFIT LIABILITIES

	31.03.2016	31.12.2015
Due to personnel	4,826,517	3,943,588
Social security deductions payable	1,744,877	1,857,652
	6,571,394	5,801,240

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NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.03.2016	31.12.2015
VAT carried forward	18,644,574	16,840,450
	18,644,574	16,840,450

NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

As of 31 March 2016, Group's paid in capital was divided into 250,000,000 shares as each valued at TRY 1 nominally (31 December 2015: 250,000,000 units).

As of 31 March 2016 and 31 December 2015, Group's paid in capital is as follows:

	31.03.2016		31.12.2015	
	Share (%)	TRY	Share (%)	TRY
Shareholders:				
Public Offered Shares	47.32%	118,289,944	47.32%	118,289,944
Akça Holding A.Ş.	50.29%	125,729,500	50.29%	125,729,500
Other	2.39%	5,980,556	2.39%	5,980,556
Total	100.00%	250,000,000	100.00%	250,000,000

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

22.2 Adjustments of Shareholders' Equity

	31.03.2016	31.12.2015
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 Gains / Losses on Defined Benefit Plans

	31.03.2016	31.12.2015
Defined benefit plans remeasurement gains / (losses)	1,198,862	1,807,495
	1,198,862	1,807,495

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22.4 Restricted Reserves

	31.03.2016	31.12.2015
Legal reserves	10,209,777	10,209,777
	10,209,777	10,209,777

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

Profit Distribution

Dividend Capital Markets Board Communiqué prepared in accordance with article 13 of the "Profit Share Guide", published in the Official Gazette dated 23 January 2014 and entered into force on 1 February 2014. Regulations and explanations which are in the dividends declaration and dividends guide are summarized as follows;

Profit distribution will be determined by the general assembly, the dividend Distribution Policy is still within the framework of the decision of the general assembly will be distributed. Of subsidiaries profit distribution policy when determining whether or not to profit distribution or shall decide. In this context, profit distribution is arbitrary in principle. The CMB of the company's profit distribution policy according to the qualities of the different principles will be able to identify.

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

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The new Capital Market Law and, therefore, the new Communiqué allows the possibility of a donation by subsidiaries. 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

	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
31 March 2016						
Smryna	8,637,339	89,804	79%	21%	1,779,445	18,709
					1,779,445	
31 December 2015						
Smryna	9,181,211	(649,081)	79%	21%	1,777,528	(135,239)
					1,777,528	

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NOTE 23 – SALES AND COST OF SALES

23.1 Sales

	01.01.- 31.03.2016	01.01.- 31.03.2015
Domestic sales	28,907,657	36,614,989
Export sales	77,963,153	64,861,301
Other sales	185,482	182,539
	107,056,292	101,658,829
Sales returns	(74,683)	(77,070)
Sales Income, (net)	106,981,609	101,581,759

23.2 Cost of Sales

	01.01.- 31.03.2016	01.01.- 31.03.2015
Direct material expenses	88,483,458	86,122,913
Direct labor expenses	28,407,883	19,654,699
General production expenses	4,463,722	3,153,431
Depreciation expenses	3,727,152	3,811,263
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods (+)	69,950,218	68,268,462
2. Ending semi-finished goods (-)	(101,177,746)	(93,555,184)
Cost of finished goods produced	93,854,687	87,455,584
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	31,613,988	39,728,264
2. Ending inventory (-)	(37,306,300)	(31,139,936)
Cost of finished goods sold	88,162,375	96,043,912
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	468,562	78,508
2. Purchases during the period (+)	1,384,846	1,439,102
3. Ending merchandise inventory (-)	(679,672)	(614,571)
Cost of merchandises sold	1,173,736	903,039
Cost of other service rendered	463,081	365,484
Cost of biological assets	2,403,817	1,262,588
Depreciation of biological assets	588,073	561,597
Cost of sales, net	92,791,082	99,136,620

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As of 01 January – 31 March 2016 and 2015, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.3.2016	01.01.- 31.3.2015
Yarn	Kg	3,028,961	3,737,148
Raw Clothing	m ²	33,553,370	37,000,882
Finishing Cloth	m ²	30,292,785	25,751,989
Lining	m ²	4,757,496	7,210,354
Linens, Sheets, Curtains, Pillows	Number	3,000,239	2,786,566
Electricity	Kwh	17,381,067	17,492,031
Cotton Waste	Kg	91,628	180,993
Piece of Cloth	Kg	823,086	925,333
Yarn Waste	Kg	234,179	282,657
Textile Trash Powder	Kg	11,760	21,960
Tomato	Kg	1,672,476	1,310,012

As of 01 January – 31 March 2016 and 2015, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.3.2016	01.01.- 31.3.2015
Yarn	Kg	1,604,376	868,059
Raw Clothing	m ²	-	23
Finishing Cloth	m ²	3,272,453	5,173,513
Lining	m ²	4,987,693	7,153,367
Linens, Sheets, Curtains, Pillows	Number	2,639,190	3,120,237
Electricity	Kwh	63,070	157,960
Cotton Waste	Kg	99,300	182,860
Piece of Cloth	Kg	704,260	634,260
Yarn Waste	Kg	266,200	291,230
Textile Trash Powder	Kg	11,760	21,960
Tomato	Kg	1,672,476	1,310,012

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NOTE 24 – RESEARCHES AND DEVELOPMENT EXPENSES, GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Marketing expenses, sales and distribution expenses	2,656,754	2,046,030
General administrative expenses	3,193,015	3,485,463
	5,849,769	5,531,493

24.1 Marketing Expenses

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Personnel expenses	470,134	409,911
Export expenses	1,464,962	1,412,507
Transportation of domestic sale	223,592	37,791
Depreciation expenses	6,740	5,976
Other expenses	75,077	41,724
Severance pay provision expenses	85,584	-
Fair expenses	330,665	138,121
	2,656,754	2,046,030

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24.2 General Administrative Expenses

	01.01.- 31.03.2016	01.01.- 31.03.2015
Personnel expenses	1,008,948	628,978
Insurance expenses	6,529	209,698
Representation and accommodation expenses	31,573	31,507
Communication expenses	28,845	31,999
Rent expenses	61,355	55,349
Education and consultancy expenses	183,760	117,004
Travelling expenses	40,316	77,565
Tax and duty expenses	74,248	192,993
Shares in holding costs (*)	123,757	100,994
Aid and donation expenses	900	1,228,528
Consulting expenses	43,688	40,602
Electricity expenses	84,053	83,060
Lawsuit expenses and provisions	16,471	58,024
Provision for severance pay expenses	617,510	315,887
Provision for unused personnel leave	463,857	17,112
Depreciation expenses	143,124	86,082
Office rent expenses	111,989	84,000
Other expenses	152,092	126,081
	3,193,015	3,485,463

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

NOTE 25 – OTHER OPERATING INCOME/ (EXPENSES)

25.1 Other Income From Operating Activities

	01.01.- 31.03.2016	01.01.- 31.03.2015
Reversal of unnecessary provision	8,976	16,835
Foreign exchange gain	835,403	1,050,475
Discount income / expenses on payables, net	1,224,886	867,791
S.S.I. incentive income	861,315	622,979
Incentive and support income	52,451	921,299
Other income and profit	43,517	16,753
	3,026,548	3,496,132

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25.2 Other Expenses From Operating Activities (-)

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Commissions expenses	112,294	3,254,886
Foreign exchange losses	1,220,348	6,189,425
Discount income / (expenses) on trade receivables	888,297	1,058,168
Other expenses and losses	29,242	36,696
	2,250,181	10,539,175

NOTE 26 – INVESTMENT ACTIVITIES INCOME / EXPENSE

26.1 Income from Investment Activities

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Rent income	124,748	116,863
Profit on sale of fixed assets	70,984	53,512
	195,732	170,375

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

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Shares related with investments valued by the equity pick-up method	666,941	(4,886,643)
	666,941	(4,886,643)

26.3 Expenses From Investment Activities (-)

	01.01.-	01.01.-
	31.03.2016	31.03.2015
Losses on sale of fixed assets	4,433	-
	4,433	-

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NOTE 27 – FINANCIAL INCOME / EXPENSES

27.1 Financial Income

	01.01.- 31.03.2016	01.01.- 31.03.2015
Interest income	167,849	144,169
Maturity differences income from related parties (6-iii-f)	4,911,119	4,948,824
Foreign exchange income	8,460,182	2,038,004
Foreign exchange income from related parties (6-iii-e)	202,543	1,548,313
Foreign exchange income arising from future contracts	1,274,189	2,377,943
	15,015,882	11,057,253

27.2 Financial Expenses (-)

	01.01.- 31.03.2016	01.01.- 31.03.2015
Interest expenses	3,614,751	3,500,089
Interest expenses from related parties (6-iii-h)	9,465	23,549
Foreign exchange losses	2,012,993	22,082,423
Foreign exchange losses on related parties (6-iii-g)	107,800	102,390
Commission expenses of borrowings	115,116	1,641,921
Commission expenses of letter of guarantees	23,627	36,059
Maturity differences expenses	125,594	-
Maturity differences expenses from related parties (6-iii-j)	4,760	1,556
Foreign exchange losses arising from futures contracts	1,871,419	3,559,707
Other financial expenses	317,962	1,915
	8,203,487	30,949,609

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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 2016 is 20% (2015: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2016 (2015: 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 69th article is added to Income Tax Legislation related investment allowance.

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According to this execution, Income and Corporation Taxpayers;

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

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

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

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

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

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

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

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

Withholding tax

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

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Deferred Tax:

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

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

	31.03.2016		31.12.2015	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	160,523	32,105	381,555	76,311
Credit interest accrual	58,935	11,787	-	-
Severance pay provision	23,433,205	4,686,641	18,875,588	3,775,117
Reversal of capitalized financial expenses	13,809,170	2,761,834	20,057,090	4,011,418
Reversal of capitalized financial expenses on buildings	3,656,129	182,806	3,656,129	182,806
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	24,017,341	4,803,469	25,276,565	5,055,313
Tangible fixed assets (land, building, land improvements and depreciations excluded), net	245,824	12,291	-	-
Financial fixed assets	2,750,000	137,500	2,750,000	137,500
Diminution in value of inventories	3,126,602	625,320	3,126,602	625,320
Deductible retained losses	18,567,026	3,713,405	27,103,161	5,420,632
Other	71,226	14,246	479,179	95,840
Deferred tax assets		16,981,404		19,380,257
<u>Deferred tax liabilities:</u>				
Financial fixed assets	22,791,263	1,139,563	23,458,204	1,172,912
Tangible fixed assets (land, building, land improvements and depreciations), net	-	-	1,478,864	73,943
Unearned interests on payables	843,331	168,666	727,774	145,557
Foreign exchange differences	693,769	138,753	654,402	130,881
Forward	466,906	93,381	623,608	124,722
Other	554,571	110,915	-	-
Insurance compensation accrual	2,201,282	440,256	2,501,282	500,256
Deferred tax liabilities		2,091,534		2,148,271
Deferred tax assets/(liabilities), net		14,889,870		17,231,986

For the period ended 31 March 2016 and 31 December 2015, movements of deferred tax assets and liabilities are as follows:

	01.01.- 31.03.2016	01.01.- 31.03.2015
Current corporation tax	(54,487)	(156,554)
Deferred tax assets/(liabilities), net	(2,498,473)	1,969,746
	(2,552,960)	1,813,192
Deferred Tax (Asset) / Liability Movements	01.01.- 31.03.2016	01.01.- 31.12.2015
Opening balance	17,231,986	7,834,860
Deferred tax income / (expense)	(2,498,473)	10,144,397
Actuarial (gain) / loss effect prior periods	156,357	(747,271)
Closing balance	14,889,870	17,231,986

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NOTE 29 – EARNINGS PER SHARE

	01.01.- 31.03.2016	01.01.- 31.03.2015
Net income / (loss) attributable to the Parent Company shareholders	12,882,209	(23,267,178)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Profit per share (TRY)	0.0515	(0.0931)

NOTE 30 – FINANCIAL INSTRUMENTS

Financial assets	31.03.2016	31.12.2015
Liquid assets	19,772,149	66,387,256
Trade receivables	38,421,550	45,470,943
Other receivables	186,722,938	118,447,480
Financial assets	8,269,318	6,020,018
Financial liabilities		
Borrowings	352,568,761	317,649,809
Lease payables	11,663,258	13,204,904
Other payables	1,778,926	2,270,166
Trade payables	79,123,860	73,293,040

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

Financial Instruments

Credit Risk

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

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

As of 31 March 2016, 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)	4,766,202	33,655,348	182,945,414	3,777,524	19,708,988
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	4,766,202	33,655,348	182,945,414	3,777,524	19,708,988
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)	-	539,390	-	-	-
Impairment (-)	-	(539,390)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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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)	12,298,482	33,172,461	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	12,298,482	33,172,461	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	-	-	-	-	-

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Liquidity risk

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

As of 31 March 2016, Group's liquidity risk table is as follows:

Liabilities		31 March 2016				
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	475,333,670	492,132,052	173,633,149	266,024,555	50,612,414	1,861,934
Financial borrowings	352,568,761	367,968,719	124,174,895	197,130,562	44,801,328	1,861,934
Financial leasing	11,663,258	12,218,351	1,717,899	4,689,366	5,811,086	-
Trade payables	79,123,860	79,967,191	39,898,595	40,068,596	-	-
- <i>Related parties</i>	6,733,774	6,795,969	6,463,922	332,047	-	-
- <i>Other parties</i>	72,390,086	73,171,222	33,434,673	39,736,549	-	-
Other liabilities	31,977,791	31,977,791	7,841,760	24,136,031	-	-
- <i>Related parties</i>	498,412	498,412	-	498,412	-	-
- <i>Other parties</i>	31,479,379	31,479,379	7,841,760	23,637,619	-	-
	475,333,670	492,132,052	173,633,149	266,024,555	50,612,414	1,861,934

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

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Interest Rate Risk

The Group’s financial liabilities exposure the Group to interest rate risk. The Group’s financial liabilities mainly consist of fixed rate borrowings. As of 31 March 2016, 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 1,400,302.

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.

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Foreign currency risk sensitivity

As of 31 March 2016, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 35,681,070 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	(22,136,763)	22,136,763	(22,136,763)	22,136,763
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(22,136,763)	22,136,763	(22,136,763)	22,136,763
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(13,225,934)	13,225,934	(13,225,934)	13,225,934
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(13,225,934)	13,225,934	(13,225,934)	13,225,934
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	(319,239)	319,239	(319,239)	319,239
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(319,239)	319,239	(319,239)	319,239
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	866	(866)	866	(866)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	866	(866)	866	(866)
TOTAL (3+6+9+12)	(35,681,070)	35,681,070	(35,681,070)	35,681,070

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

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As of 31 March 2016, 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 March 2016
1. Trade Receivables	16,149,715	-	4,656,661	296,983	-
2a. Monetary Financial Assets (including cash and banks)	29,363,580	5,821,295	4,005,161	2,920	2,954
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	9,238,994	30	2,839,561	31,721	-
4. Current Assets (1+2+3)	54,752,289	5,821,325	11,501,383	331,624	2,954
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	10,824,265	3,820,239	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	10,824,265	3,820,239	-	-	-
9. Total Assets (4+8)	65,576,554	9,641,564	11,501,383	331,624	2,954
10. Trade Payables	31,418,817	9,551,351	1,357,819	-	-
11. Financial Liabilities	315,365,144	82,591,624	25,211,916	114,725	-
12a. Other monetary financial liabilities	18,084,968	33,801	5,607,430	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	364,868,929	92,176,776	32,177,165	114,725	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	48,060,981	1,336,307	13,800,907	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	48,060,981	1,336,307	13,800,907	-	-
18. Total Liabilities (13+17)	412,929,910	93,513,083	45,978,072	114,725	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	(9,457,345)	5,743,605	(6,750,000)	(1,000,000)	-
19a. Off-balance sheet foreign currency derivative assets	17,690,630	6,243,605	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	27,147,975	500,000	6,750,000	1,000,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(356,810,701)	(78,127,914)	(41,226,689)	(783,101)	2,954
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(356,592,350)	(83,871,549)	(37,316,250)	185,178	2,954
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports	29,877,550	104,621	8,736,641	293,893	-
24. Imports	49,859,813	15,286,732	1,395,731	500	16,846

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

	FOREIGN EXCHANGE POSITION					31 December 2015
	TRY equivalent functional currency	USD	EUR	GBP	CHF	
1. Trade Receivables	21,331,385	18,112	5,5784,024	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 (13+17)	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

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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 herein 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 March 2016 and 31 December 2015, net debt / total equity ratio is as follows:

	31.03.2016	31.12.2015
Total debts	501,252,007	456,012,810
Liquid assets	(19,772,149)	(66,387,256)
Net debt	481,479,858	389,625,554
Total equity	308,146,443	295,870,950
Total capital	789,626,301	685,496,504
Net Debt/Total Equity Ratio	61%	57%