

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
AT 31 MARCH 2015

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.

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CONSOLIDATED BALANCE SHEETS
AS OF 31 MARCH 2015 AND 31 DECEMBER 2014
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
ASSETS	References	31.03.2015	31.12.2014
Current Assets		488,978,522	487,021,178
Cash and Cash Equivalents	4	94,239,839	124,275,728
Financial Investments	5	10,724,508	4,809,201
Trade Receivables		40,042,426	41,173,630
<i>Trade Receivables from Related Parties</i>	7	4,621,429	1,707,631
<i>Trade Receivables from Third Parties</i>	7	35,420,997	39,465,999
Other Receivables		106,889,970	96,142,159
<i>Other Receivables from Related Parties</i>	9	104,186,687	92,269,614
<i>Other Receivables from Third Parties</i>	9	2,703,283	3,872,545
Derivative Financial Instruments	10	1,877,043	1,614,300
Inventories	11	207,882,107	188,413,621
Biological Assets	12	5,003,772	4,449,108
Prepaid Expenses	13	4,330,145	4,600,265
Assets Related to Current Year Tax	14	1,462,933	5,404,563
Other Current Assets	21	16,525,779	16,138,603
Non-Current Assets		290,869,807	284,436,721
Other Receivables	9	69,479	26,184
Investments Valued by Equity Method	15	124,499,282	119,612,639
Tangible Assets	16	154,497,410	155,713,214
Intangible Assets	17	77,623	87,772
Prepaid Expenses	13	657,228	441,521
Deferred Tax Assets	28	11,068,785	8,555,391
TOTAL ASSETS		779,848,329	771,457,899
LIABILITIES			
Short Term Liabilities		389,721,308	360,326,896
Short Term Borrowings	8	213,271,500	200,122,976
Current Installments of Long Term Borrowings	8	31,498,749	16,574,898
Trade Payables		105,310,007	99,694,152
<i>Trade Payables to Related Parties</i>	7	4,728,030	5,179,201
<i>Trade Payables to Third Parties</i>	7	100,581,977	94,514,951
Employee Benefit Liabilities	20	5,071,773	5,718,780
Other Payables		6,773,335	2,001,908
<i>Other Payables to Related Parties</i>	9	5,822,883	159,750
<i>Other Payables to Third Parties</i>	9	950,452	1,842,158
Derivative Financial Instruments	10	1,695,682	79,825
Deferred Income	13	24,430,922	30,620,959
Tax Liabilities of Period Profit	28	156,554	4,000,888
Short Term Provisions		1,512,786	1,512,510
- <i>Short Term Employee Benefits</i>	19	1,252,587	1,252,310
- <i>Other Provisions Short Term</i>	19	260,199	260,200
Long Term Liabilities		92,511,887	88,208,574
Long Term Borrowings	8	78,684,716	77,875,416
Long Term Provisions for Employee Benefits	19	13,101,930	9,612,627
Deferred Tax Liability	28	725,241	720,531
Equity		297,615,134	322,922,429
Parent Company's Equity		295,586,732	321,009,662
Paid in Capital Share	22.1	250,000,000	250,000,000
Inflation Adjustments to Paid in Capital	22.2	485,133	485,133
Other comprehensive income/(expense) not to be reclassified to profit or loss			
<i>Actuarial gain/loss arising from retirement benefits</i>	22.3	(3,337,331)	(1,181,579)
Reserves on Retained Earning	22.5	10,209,777	9,754,762
Retained Earnings / Losses	22.6	61,496,331	36,482,865
Net Income / Loss for the Period		(23,267,178)	25,468,481
Minority Interest	22.7	2,028,402	1,912,767
TOTAL LIABILITIES AND EQUITY		779,848,329	771,457,899

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
FOR THE PERIOD 01 JANUARY - 31 MARCH 2015 AND 2014
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME STATEMENTS
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Unreviewed</i> Current Period 01.01- 31.03.2015	<i>Unreviewed</i> Prior Period 01.01- 31.03.2014
Revenue	23.1	101,581,759	131,024,870
Cost of sales (-)	23.2	(98,661,953)	(101,813,201)
Gross profit / (Loss)		2,919,806	29,211,669
General Administrative Expenses (-)	24.2	(3,132,177)	(1,216,833)
Marketing Expenses (-)	24.1	(2,873,983)	(3,017,991)
Other Operating Income	25.1	3,496,132	6,107,809
Other Operating Expenses (-)	25.2	(10,539,175)	(7,386,316)
Operating Profit / (Loss)		(10,129,397)	23,698,338
Income from Investment Activities	26.1	170,375	207,553
Shares of Profit/(Loss) from Investments Evaluated by Equity Pick-up Method	26.3	4,886,643	2,041,957
Operating Activity Profit/(Loss) Before Financial Expense		(5,072,379)	25,947,848
Financial Income	27.1	11,057,253	14,683,351
Financial Expenses (-)	27.2	(30,949,609)	(22,391,184)
Operating Activity Profit/(Loss) Before Taxation		(24,964,735)	18,240,015
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	28	(156,554)	(3,177,752)
Deferred Tax Income/(Expense)	28	1,969,746	(126,238)
Current Period operating activity profit / (loss)		(23,151,543)	14,936,025
Profit/(Loss) for the Period		(23,151,543)	14,936,025
Distribution of the Period Income/Loss			
Minority Interest	22.7	115,635	150,196
Parent Company's Shares		(23,267,178)	14,785,829
Earnings Per Share	29	(0.0926)	0.0597
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or Loss			
- Actuarial Gain/Loss Arising from Retirement Benefits		(2,694,690)	(1,631,238)
- Deferred Tax Income / (Expense)		538,938	326,248
Income (Expenses) to be Reclassified on Profit or Loss			
Change in Foreign Currency Translation Differences		-	(62,392)
Other Comprehensive Income		(2,155,752)	(1,367,382)
Total Comprehensive Income/(Expense)		(25,307,295)	13,568,643
Distribution of Total Comprehensive Income			
Minority Interest		115,635	143,975
Parent Company's Shares		(25,422,930)	13,424,668

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 AND 2014
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

	Footnote References	Paid in Capital	Inflation Adjustment To Paid In Capital	Income (Expenses) Not To Be Reclassified On Profit Or Loss	Other Comprehensive Income/(Loss) To Be Reclassified On Profit Or Loss	Restricted reserves	Retained Profits		Parent Company's Equity	Minority Interest	Total Equity
				Actuarial Gain/Loss Arising From Employee Benefits	Foreign Currency Translation Difference		Accumulated Profit/Loss	Net Profit/Loss Of The Period			
Balances as at 01.01.2014	22	250,000,000	485,133	(319,081)	(1,091,445)	8,507,915	12,010,490	25,713,140	295,306,152	2,146,062	297,452,214
Transfers	22	-	-	-	-	1,246,847	24,466,293	(25,713,140)	-	-	-
Total Comprehensive Income/Loss	22	-	-	(1,304,990)	(62,392)	-	-	14,785,829	13,418,447	143,975	13,562,422
Balances as at 31.03.2014	22	250,000,000	485,133	(1,624,071)	(1,153,837)	9,754,762	36,476,783	14,785,829	308,724,599	2,290,037	311,014,636
Balances as 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 as 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

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 2015 AND 2014
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
	Footnote References	Current Period 01.01- 31.03.2015	Prior Period 01.01- 31.03.2015
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		(55,333,094)	(3,778,563)
Profit/Loss for the period before taxation		(24,964,735)	18,240,015
Adjustment for Depreciation, Amortisation Expenses	16-17	4,464,918	3,668,603
Adjustment for Employee Termination Benefits	19-24.1	1,333,551	(394,481)
Adjustments Related to the Provisions	19	276	-
Adjustment for Interest Income and Expense	8-27.2	1,698,619	994,885
Rediscount on Receivables	25.2	1,058,168	1,107,398
Rediscount on Payables	25.1	867,791	1,406,070
Changes in the Company Capital			
Adjustments for Increase/Decrease in Financial Assets	5	(5,915,307)	(1,831,894)
Adjustments for Increase/Decrease in Trade Receivables	7	73,036	31,289,504
Adjustments for Increase/Decrease in Inventories	11	(19,468,486)	(47,111,397)
Adjustments Related to the Increase/Decrease in Biological Assets	12	(554,664)	(1,012,849)
Adjustments for Increase/Decrease in Other Receivables Related to the Operations	9	(10,791,106)	(12,315,835)
Prepaid Expenses	13	54,413	(9,917,401)
Other Assets	14-21	3,554,454	3,213,628
Adjustments for Increase/Decrease in Trade Payables	7	4,748,064	17,302,408
Adjustments for Increase/Decrease in Other Payables Related with Operations	9-13-20	(2,065,617)	104,466
Change in Investments Valued by Equity Method	15	(4,886,643)	(2,041,957)
Other Cash Entrance/Disposal	22.3	(538,938)	7,375
Cash Flow Provided by Operating Activities			
Tax Payments>Returns	28	(4,000,888)	(6,487,101)
B. NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(3,238,965)	(6,911,230)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets	16-17	43,196	20,799
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets	16-17	(3,282,161)	(6,932,029)
C. NET CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		28,536,170	6,022,182
Cash Inflows/Outflows from Financial Liabilities	8	27,213,893	6,204,381
Cash Outflows from Finance Leases	8	(30,837)	2,265,358
Loss/Gain on Derivative Financial Instruments	10-27	1,353,114	(2,447,557)
BEFORE THE IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C)		(30,035,889)	(4,667,611)
D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS			(62,392)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(30,035,889)	(4,730,003)
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	5	124,275,728	59,971,644
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	94,239,839	55,241,641

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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

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

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.

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

- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.
- Menderes Tekstil Pazarlama A.Ş.
- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.
- Tan Elektrik Üretim A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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

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

As of 31 March 2015, 4,104 personnel are employed by the Company and average number of personnel is 4,123 for the period of 01.01-31.03.2015.

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

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 25 December 2013, numbered 338 and valid until 26 December 2016, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts per a day. The Company’s annual production capacity is as follows:

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,227,967
Raw fabric woven (is used in its production)	m ²	59,151,060
Knitted Fabric (is used in its production)	Kg	1,001,700
Linens	Unit	4,200,000
Pillow case	Unit	12,600,000
Sheet	Unit	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, (Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day): The Company’s annual production capacity is as follows:

	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

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 signed an agreement with the construction company for increasing the capacity of the plant which will be increased from 82,500 m² to 206,232 m² with adding 114,432 m². Smyrna Seracılık A.Ş. has started to design environment and infrastructure of the new area. The new area will be constructed on the existing area, which is 196,932 m², of Smyrna Seracılık Ticaret A.Ş.

According to the capacity report from Denizli Industrial Chamber dated 02 April 2012, numbered 80 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	Ton	6,500
Quick-frozen tomato	Ton	684

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

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

As of 31 March 2015, 192 personnel are employed by the Company and the average number of personnel is 195 for the period of 01.01-31.03.2015.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998 in Denizli. It is engaged in producing electricity, hot water and steam.

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 has 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

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

The Preparation of Financial Statements

The interim condensed consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets"(the Communiqué) announced by the Capital Markets Board (CMB) (hereinafter will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 11 May 2015. Boards of Directors have authority to change financial statements.

Basis of Consolidation

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

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

	31.03.2015	31.12.2014
	Ratio %	Ratio %
Public Offered Shares	48	51.9
Akça Holding A.Ş.	49.6	45.7
Other	2.4	2.4
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.3.2015	31.12.2014
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	%100	%100

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

	31.3.2015	31.12.2014
	Ratio %	Ratio %
Nihat Zeybekçi	49.5	49.5
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48	48
Other	2.5	2.5
	%100	%100

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

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

	31.03.2015	31.12.2014
	<u>Ratio %</u>	<u>Ratio %</u>
Tan Elektrik Üretim A.Ş.	45.71	45.71
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.00	20.0
Akça Holding A.Ş.	17.53	17.5
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	10.72	10.7
Selin Tekstil Sanayi Ticaret A.Ş.	5.55	5.6
Akçasaraylı Tekstil Ltd. Şti.	0.48	0.5
	%100	%100

Menderes Tekstil Pazarlama A.Ş. (Participation)

	31.03.2015	31.12.2014
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	45.0
Akça Holding A.Ş.	45.0	45.0
Rıza Akça	5.0	4.5
Dilek Göksan	2.5	4.5
Ahmet Bilge Göksan	2.5	1.0
	%100	%100

Tan Elektrik Üretim A.Ş. (Participation)

	31.3.2015	31.12.2014
	<u>Ratio %</u>	<u>Ratio %</u>
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	70.0	70.0
Smyrna Seracılık A.Ş.	21.0	21.0
Akça Holding A.Ş.	5.0	5.0
Rıza Akça	2.0	2.0
Dilek Göksan	1.0	2.0
Ahmet Bilge Göksan	1.0	-
	%100	%100

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

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

Minority shares of shareholders are pursued in net assets of the subsidiaries and in the result of the operations and consolidated balance sheet and income statements hissedarların payları, konsolide bilanço ve gelir tablosunda ana ortaklık dışı pay olarak gösterilmektedir.

Recognition in light of equity method was made to operating results, assets and liabilities of associates in financial consolidated tables attached. In equity method the associatess 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 2015 and 31 December 2014, Group's functional and reporting currency unit is represented in TRY compared to previous periods.

Offsetting

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

2.b. Changes in Accounting Policies

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

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

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

2.c. Changes in Accounting Estimates and Errors

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

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.

2.e. Amendments in International Financial Reporting Standards

Group has implemented the new and revised standards and interpretations effective from 1 January 2014 which are related to its main operations.

Standards, Amendments and IFRICs applicable to 31 March 2015 year ends;

Amendment to TAS 32, 'Financial instruments : Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in TAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendments to TAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to TAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Amendments to TFRS 10, 'Consolidated financial statements', TFRS 12 and TAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

New TFRS standards, amendments and IFRICs effective after 31 March 2015

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

TFRS 2, 'Share-based payment'

TFRS 3, 'Business Mergers'

TFRS 8, 'Operating segments'

TFRS 13, 'Fair value measurement'

TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets'

TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and

TAS 39, 'Financial instruments - Recognition and measurement'

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

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

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

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

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

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

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

TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

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

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

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

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

- TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
- TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
- TAS 19, ‘Employee benefits’ regarding discount rates.
- TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

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

2.f. Summary of Significant Accounting Policy

Cash and Cash Equivalents

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

Financial investments:

Initial measurement of financial assets and financial liabilities

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

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

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 defination of loans and receivable.

Financial assets carried at cost:

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

Marketable securities

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

Financial Borrowings

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

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 combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

Tangible Assets

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

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

Economic useful lives of assets approximately are as follows:

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

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective 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

Company 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 the 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 Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 March 2015, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 3,541 (31 December 2014: TRY 3,438) per year of employment at the rate of pay applicable at the date of retirement.

Company 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

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

Taxes

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

Accounting Estimates

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

Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

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

Investments Subject to Equity Pick-up Method

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

Revenue

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

Company'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.

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

	31.3.2015	31.12.2014
USD	2.6102	2.3189
EURO	2.8309	2.8207
GBP	3.8611	3.5961
CHF	2.7003	2.3397

Derivative Financial Instruments and Instruments to Protect from Risk

Company'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.

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
- (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. Company operates vehicle inspection stations which are privatized within the context of law b-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.

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

Akçamen Tekstil Sanayi ve Ticaret A.Ş. was established on 26 July 1994. Head quarter of the company is in İzmir. No. 7186 on 11 November 2008 in the Trade Registry Gazette the company was changed to the center of 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.).

2.g. Significant Accounting Judgments, Estimates and Assumptions

There is no significant accounting judgments, estimates and assumptions on the accompanying financial statements.

2.h. Segment Reporting of Results of Operations

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

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

NOTE 3 – SEGMENT REPORTING

31 March 2015	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS				
Cash and Cash Equivalents	94,140,821	99,018	-	94,239,839
Financial Investments	10,724,508	-	-	10,724,508
Trade Receivables	38,157,245	1,885,181	-	40,042,426
Other Receivables	123,436,753	-	(16,546,783)	106,889,970
Derivative Financial Instruments	1,877,043	-	-	1,877,043
Inventories	207,391,585	490,522	-	207,882,107
Biological Assets	-	5,003,772	-	5,003,772
Prepaid Expenses	4,100,228	229,917	-	4,330,145
Current Taxes Assets	5,352,137	111,684	-	5,463,821
Other Current Assets	13,820,324	2,705,455	-	16,525,779
Current Assets	499,000,644	10,525,549	(16,546,783)	492,979,410
Other Receivables	51,107	18,372	-	69,479
Investments Valued With Equity Method	133,999,282	-	(9,500,000)	124,499,282
Tangible Assets	128,542,876	25,954,534	-	154,497,410
Intangible Assets	66,851	10,772	-	77,623
Prepaid Expenses	504,987	152,241	-	657,228
Deferred Tax Assets	11,545,794	532,543	(1,009,552)	11,068,785
Non-Current Assets	274,710,897	26,668,462	(10,509,552)	290,869,807
TOTAL ASSETS	773,711,541	37,194,011	(27,056,335)	783,849,217
LIABILITIES				
Short Term Borrowings	213,271,500	-	-	213,271,500
Current Installments of Long Term Borrowings	28,755,972	2,742,777	-	31,498,749
Trade Payables	104,539,549	770,458	-	105,310,007
Scope of Employee Benefits Liabilities	4,826,976	244,797	-	5,071,773
Other Payables	6,623,097	16,697,021	(16,546,783)	6,773,335
Derivative Financial Instruments	1,695,682	-	-	1,695,682
Deferred Incomes	24,375,795	55,127	-	24,430,922
Corporation Tax Liabilities	3,910,623	246,819	-	4,157,442
Short Term Provisions	1,512,786	-	-	1,512,786
Short Term Liabilities	389,511,980	20,756,999	(16,546,783)	393,722,196
Long Term Borrowings	73,200,509	5,484,207	-	78,684,716
Provisions For Employee Long Term Benefits Include	12,960,020	141,910	-	13,101,930
Deferred Tax Liabilities	720,883	1,013,910	(1,009,552)	725,241
Long Term Liabilities	86,881,412	6,640,027	(1,009,552)	92,511,887
Paid in Capital Share	250,000,000	12,000,000	(12,000,000)	250,000,000
Inflation Adjustments to Shareholders' Equity	485,133	-	-	485,133
Actuarial Benefit / Loss of the Retirement Plans	(3,337,331)	-	-	(3,337,331)
Restricted Reserves	10,147,245	62,532	-	10,209,777
Retained Earnings / Losses	63,729,694	(2,820,596)	587,233	61,496,331
Net Profit / Loss for the Period	(23,706,592)	555,049	(115,635)	(23,267,178)
Minority Interest	-	-	2,028,402	2,028,402
SHAREHOLDERS' EQUITY	297,318,149	9,796,985	(9,500,000)	297,615,134
TOTAL LIABILITIES	773,711,541	37,194,011	(27,056,335)	783,849,217

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
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31 March 2015	Textile Sector	Agricultural Sector	Elimination	Total
Revenue	97,557,123	4,024,636	-	101,581,759
Cost of Sales (-)	(96,837,768)	(1,824,185)	-	(98,661,953)
GROSS PROFIT/LOSS	719,355	2,200,451	-	2,919,806
General Administrative Expenses (-)	(3,017,448)	(114,729)	-	(3,132,177)
Marketing expenses (-)	(2,590,071)	(283,912)	-	(2,873,983)
Other Operating Income	3,380,326	115,806	-	3,496,132
Other Operating Expenses (-)	(10,491,891)	(47,284)	-	(10,539,175)
OPERATING PROFIT/LOSS	(11,999,729)	1,870,332	-	(10,129,397)
Investing Activities Income	169,300	1,075	-	170,375
Investing Activities Expenses	-	-	-	-
Profit /Loss from the Participations Valued by Equity Method	5,427,083	(540,440)	-	4,886,643
OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES	(6,403,346)	1,330,967	-	(5,072,379)
Financial Income (+)	11,465,845	(2,967)	(405,625)	11,057,253
Financial Expenses (-)	(30,840,666)	(514,568)	405,625	(30,949,609)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	(25,778,167)	813,432	-	(24,964,735)
Continuing Operations Tax Income/Expense				
- Income/Expense Tax for the Period	-	(156,554)	-	(156,554)
- Deferred Tax Income/Expense	2,071,575	(101,829)	-	1,969,746
PROFIT/(LOSS) FOR THE PERIOD	(23,706,592)	555,049	-	(23,151,543)

Information On The Geographical Region

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

Region	01.01-31.03.2015	01.01-31.12.2014
Germany	48%	36%
Italy	9%	7%
France	9%	7%
England	8%	4%
USA	5%	30%
China	5%	4%
Russia	5%	3%
Other countries	11%	9%
	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 2015, it is being taken care of that any certain sector, country, individual and Company are concentrated in terms of risk dispersions. The share of the biggest purchaser in the revenue achieved from textile activity is 68%. (2014: 39%).

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 March 2015 and 31 December 2014 details of cash and cash equivalents are as following:

	31.03.2015	31.12.2014
Cash	104,929	9,037
Banks	94,076,217	124,126,889
Demand deposits	41,205,393	41,005,648
Time deposits	52,870,824	83,121,241
Interest accruals for banks	58,693	139,802
	94,239,839	124,275,728

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

	31.03.2015	31.12.2014
Within 1 month	50,185,743	78,761,276
1-3 month	2,685,081	4,359,965
	52,870,824	83,121,241

As of 31 March 2015, effective interest rates of time deposits in TRY and USD are 9.72 % and 2.04% (31.12.2014: for TRY 9.66%, USD 2.39%)

As of 31 March 2015, average maturity date of time deposits is 24 days (31 December 2014: 31 days). As of 31 March 2015, time deposits consist of TRY 50,260,624 and USD 1,000,000 (TRY 2,610,200) (31.12.2014: TRY 75,315,821 and USD 3,366,001 (TRY 7,805,420)).

As of 31 March 2015, the blockage's amount on the less than 3 months bank deposits of the Group TRY 5,000,000 and USD 1,000,000 (TRY 2,610,200) on the borrowings are taken from Şekerbank T.A.Ş. (31.12.2014: TRY 20,000,000 and USD 1,850,000 (TRY 4,289,965)).

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	31.03.2015	31.12.2014
Deposits with maturities over 3 months	10,668,617	4,753,745
Bank interest accruals	55,891	55,456
	10,724,508	4,809,201

As of 31 March 2015, the average maturity of time deposits are 196 days. (31.12.2014: 169). As of 31 March 2015, time deposit consist of USD 4,087,280 (TRY 10,668,617) (31.12.2014: USD 2,050,000 (TRY 4,753,745)).

As of 31 March 2015, the blockage's amount on the more than 3 months bank deposits of the Group is USD 2,900,000 (TRY 7,569,580) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2014: USD 2,050,000 (TRY 4,753,745)).

NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	31.03.2015	31.12.2014
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,458,674	1,410,032
Menderes Tekstil Pazarlama A.Ş.	2,215,930	329,520
Rediscount	(53,175)	(31,921)
	4,621,429	1,707,631

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

	31.03.2015	31.12.2014
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,989,075	4,647,522
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	495,262	457,782
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	5	-
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	114,776	-
Akça Holding A.Ş.	176,601	112,449
Rediscount	(47,684)	(38,552)
	4,728,035	5,179,201

c) Due from shareholders (Note 9):

	31.03.2015	31.12.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	38,680,486	31,461,273
Akça Holding A.Ş.	63,371	-
Rıza Akça	-	63,313
	38,743,857	31,524,586

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

	31.03.2015	31.12.2014
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	59,937,190	56,149,986
Tan Elektrik Üretim A.Ş.	5,117,098	4,267,952
Akça Solar Üretim Sanayi Ticaret A.Ş.	388,542	327,089
	65,442,830	60,745,027

e) Due to shareholders (Note 9):

	31.03.2015	31.12.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	4,990,790	-
Rıza Akça	673,044	20,353
Ali Atlamaz	51,111	78,475
Ahmet Bilge Göksan	37,908	-
	5,752,853	98,828

f) Due to related parties (Note 9):

	31.03.2015	31.12.2014
Akçamen Tekstil A.Ş.	59,921	60,922
Ali Atlamaz	10,109	-
	70,030	60,922

g) Advances received from related parties (Note 13):

	31.03.2015	31.12.2014
Menderes Tekstil Pazarlama A.Ş.	-	5,788,862
	-	5,788,862

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

a) Sales to related parties (Note 23.1):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Menderes Tekstil Pazarlama A.Ş.	24,207,838	19,707,564
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,307,015	349,652
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	14,000	10,000
	25,528,854	20,067,215

b) Purchases from related parties (Note 23.2):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Selin Tekstil Sanayi ve Ticaret A.Ş.	7,558,000	6,910,000
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	104,250	111,300
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	98,500	64,025
Akça Holding A.Ş.	5,587	11,156
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	946	-
	7,767,283	7,096,481

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

a) Benefits provided to member of the board of directors, gross (Note 24):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Members of the Board of Directors	70,413	368,822
	70,413	368,822

b) Service expenses paid to related parties (Note 24):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Akça Holding A.Ş.	100,994	32,356
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	51,591	46,941
	152,585	79,297

c) Rent incomes from related parties (Note 26.1):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Akça Holding A.Ş.	19,500	-
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	19,500	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	19,500	17,775
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	7,500	7,005
Selin Tekstil Sanayi ve Ticaret A.Ş.	7,500	7,005
Menderes Tekstil Pazarlama A.Ş.	3,000	2,700
Akçamen Tekstil Sanayi Ticaret A.Ş.	2,400	2,250
	78,900	36,735

d) Service income from related parties (Note 24):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Menderes Tekstil Pazarlama A.Ş.	16,500	15,000
	16,500	15,000

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

	01.01.- 31.3.2015	01.01.- 31.3.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,545,982	1,260,713
Akça Holding A.Ş.	2,331	-
	1,548,313	1,260,713

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

	01.01.- 31.3.2015	01.01.- 31.3.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	3,350,909	1,841,958
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	1,478,176	1,221,380
Tan Elektrik Üretim A.Ş.	110,239	5,792
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	9,154	-
Akça Holding A.Ş.	346	-
	4,948,824	3,069,130

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

	01.01.- 31.3.2015	01.01.- 31.3.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	102,390	366
	102,390	366

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

	01.01.- 31.3.2015	01.01.- 31.3.2014
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	23,553	126
	23,553	126

i) Rent expenses paid to related parties (Note 24.2):

	01.01.- 31.3.2015	01.01.- 31.3.2014
Menderes Tekstil Pazarlama A.Ş.	84,000	-
	84,000	-

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

	01.01.- 31.3.2015	01.01.- 31.3.2014
Akçamen Tekstil Sanayi Ticaret A.Ş.	1,552	1,874
Menderes Tekstil Pazarlama A.Ş.	-	66,952
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	9,143
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	3,766
	1,552	81,736

NOT 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.03.2015	31.12.2014
Trade receivables	33,214,208	36,332,644
Cheques and notes	2,511,316	-
Unearned interest on trade receivables	(311,505)	(149,741)
Doubtful trade receivables	247,204	247,204
Provision for doubtful receivables (-)	(247,204)	(247,204)
Income accruals	6,978	3,283,096
Trade Receivables From Third Parties	35,420,997	39,465,999
Receivables from related parties (Note 6-i-a)	2,458,674	1,410,032
Receivables from related parties (Note 6-i-a)	2,215,930	329,520
Unearned interests on receivables from related parties	(53,175)	(31,921)
Trade Receivables From Related Parties	4,621,429	1,707,631
Total Short-Term Trade Receivables	40,042,426	41,173,630

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

	31.03.2015	31.12.2014
1-30 days	59,669	89,629
31-60 days	41,019	90,000
61-90 days	-	90,223
91-120 days	1,307,000	59,668
121-150 days	1,569,558	-
151-180 days	1,750,000	-
	4,727,246	329,520

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

	31.03.2015	31.12.2014
Opening balance	247,204	251,802
Offsetting of balances that can not be collected (*)	-	(78,731)
Provision for the period	-	74,133
Closing Balance	247,204	247,204

(*)The balances with no chance for collection and the provision reserved before were offsetting with each other.

Short Term Trade Payables

	31.03.2015	31.12.2014
Trade payables	96,523,102	86,094,721
Unearned interests on trade payables	(615,812)	(636,655)
Notes payables	4,648,426	9,091,834
Unearned interests on notes payables	(22,633)	(55,845)
Expense accruals	48,894	20,896
Trade Payables From Third Parties	100,581,977	94,514,951
Due to related parties (Note 6-i-b)	4,775,714	5,180,189
Unearned interests on notes payables to related parties (Not 6-i-b)	(47,684)	(988)
Trade Payables to Related Parties	4,728,030	5,179,201
Total Short Term Trade Payables	105,310,007	99,694,152

As of 31 March 2015, sureties were given amounting to USD 5,398,208 (TRY 14,090,401) and EUR 599,539 (TRY 1,697,236) for trade payables of the Group by bank (31.12.2014: USD 5,404,851 (TRY 12,533,309) and EUR 970,928 (TRY 2,738,694)).

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

	31.03.2015	31.12.2014
Overdue	25,298	-
1 – 30 days	4,097,447	5,987,947
31 – 60 days	525,681	3,073,887
61 – 90 days	-	15,000
91 – 120 days	-	15,000
	4,648,426	9,091,834

NOTE 8 – FINANCIAL BORROWINGS

	31.03.2015	31.12.2014
Short term borrowings:		
TRY borrowings	1,031,436	810,488
USD borrowings	183,827,803	166,913,773
EUR borrowings	26,344,940	29,434,781
GBP borrowings	1,258,250	2,132,969
Accrued interest of short term borrowings:		
USD accrued interest of borrowings	577,767	724,106
EUR accrued interest of borrowings	231,304	106,859
Short term financial borrowings	213,271,500	200,122,976
Current installments of long-term borrowings:		
Lease Payables:		
USD lease payables, net	249,701	239,423
EUR lease payables, net	5,811,043	5,865,339
Borrowings:		
USD borrowings	21,112,783	7,303,197
EUR borrowings	3,435,674	2,732,223
Accrued interest of long term borrowings:		
TRY accrued interest of borrowings	-	15,434
USD accrued interest of borrowings	31,752	346,480
EUR accrued interest of borrowings	857,796	72,802
Current installments of long-term borrowings	31,498,749	16,574,898
Long term lease payables:		
USD lease payables, net	-	41,115
EUR lease payables, net	10,291,923	11,675,999
Long term borrowings:		
USD borrowings	9,480,837	10,035,837
EUR borrowings	58,911,956	56,122,465
Long term financial borrowings	78,684,716	77,875,416
Total financial liabilities	323,454,965	294,573,290

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

	31.03.2015	31.12.2014
Within 3 month	137,337,714	67,496,284
Between 3 - 12 months	99,673,172	141,831,147
Between 1 - 5 years	34,486,773	66,158,302
More than 5 years	33,906,020	-
	305,403,679	275,485,733

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

	31.03.2015	31.12.2014
Between 1-2 years	9,451,159	10,305,612
Between 2-3 years	2,742,103	2,732,224
Between 3-4 years	9,554,461	10,886,147
Between 4-5 years	12,739,050	12,693,150
Between 5-6 years	33,906,020	29,541,169
	68,392,793	66,158,302

As of 31 March 2015, effective interest rates for USD, EUR and GBP bank loans are 3.96%, 4.44% and 3.00%. (31.12.2014: USD-3.18%, EUR-4.16% and GBP-3.03%).

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 341,805,690), EUR 21,000,000 (TRY 59,448,900) and TRY 73,910,000.

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

	31.03.2015	31.12.2014
Short term lease payables	6,655,170	6,764,691
Cost of deferred lease payables (-)	(594,426)	(659,929)
	6,060,744	6,104,762
	31.03.2015	31.12.2014
Long term lease payables	10,782,032	12,328,066
Cost of deferred lease payables (-)	(490,109)	(610,952)
	10,291,923	11,717,114

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 31 MARCH 2015
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As of 31 March 2015, maturity schedule of repayment of lease payables are as following:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	6,655,170	(594,426)	6,060,744
Between 1 – 2 years	5,654,199	(336,997)	5,317,202
Between 2 – 3 years	3,950,979	(132,473)	3,818,506
Between 3 – 4 years	1,154,252	(20,521)	1,133,731
Between 4 – 5 years	22,602	(118)	22,484
	17,437,202	(1,084,535)	16,352,667

As of 31 December 2014, maturity schedule of repayment of lease payables are as following:

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

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.03.2015	31.12.2014
Deposit and guarantees given	-	44,083
VAT return receivables	2,703,283	3,828,462
Other Receivables from Third Parties	2,703,283	3,872,545
Due from shareholders (Note 6-i-d)	38,743,857	31,524,587
Due from related parties (Note 6-i-c)	65,442,830	60,745,027
Other Receivables from Related Parties	104,186,687	92,269,614
	106,889,970	96,142,159

As of 31 March 2015, non-trade receivables from related parties comprise 21.31% of total current assets and 13.36% of total assets. (As of 31 December 2014, it composes 18.95% of the total current assets and 11.96% of total assets).

(*)The amount of TRY 38,680,486 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 01.01-31.03.2015, the calculated interest for the amount, TRY 3,350,909 is listed on the accompanying income statement.

Other non-current receivables

	31.03.2015	31.12.2014
Deposits and guarantees given	69,479	26,184
	69,479	26,184

Other current payables

	31.03.2015	31.12.2014
Deposit and guarantees received	6,000	6,000
Taxes and funds payables	931,816	1,836,158
Sundry payables	12,636	-
Other Payables from Third Parties	950,452	1,842,158
Due to shareholders (Note 37-i-e)	5,752,853	98,828
Due to related parties (Note 37-i-f)	70,030	60,922
Other Payables from Related Parties	5,822,883	159,750
	6,773,335	2,001,908

NOTE 10 – DERRIVATIVE INSTRUMENTS

	31.03.2015	31.12.2014
Income accrual of forward exchange	1,877,043	1,614,300
	1,877,043	1,614,300
	31.03.2015	31.12.2014
Expense accrual of forward exchange	1,695,682	79,825
	1,695,682	79,825

NOTE 11 – INVENTORIES

	31.03.2015	31.12.2014
Raw materials	81,985,813	84,238,080
Work in progress	93,555,184	65,553,737
Finished goods	31,139,936	37,940,314
Merchandises	614,571	78,508
Other inventories	586,603	602,982
	207,882,107	188,413,621

The Group's all inventories are insured.

NOTE 12 – BIOLOGICAL ASSETS

Current biological assets

	31.03.2015	31.12.2014
Biological assets (Tomato)	5,003,772	4,449,108
	5,003,772	4,449,108

Group's biological assets consist of tomatoes. If available impairment and cost is indicated after provision in the combined financial statements Due to no presence of active market for growing tomatoes, they were reflected in the accompanying combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses

	31.03.2015	31.12.2014
Order advances given	3,395,018	3,567,984
Prepaid expenses	517,376	651,525
Advances given for business purposes	417,751	380,756
	4,330,145	4,600,265

Long term prepaid expenses

	31.03.2015	31.12.2014
Advances given for purchases of tangible assets	519,283	303,577
Prepaid expenses	137,945	137,944
	657,228	441,521

Short term deferred income

	31.03.2015	31.12.2014
Advances received	24,430,922	30,620,959
	24,430,922	30,620,959

NOTE 14 – CURRENT PERIOD TAX INCOME ASSET

	31.03.2015	31.12.2014
Prepaid taxes and funds	1,462,933	5,404,563
	1,462,933	5,404,563

NOTE 15 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD

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

	31.03.2015	Share (%)	31.12.2014	Share (%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	954,503	20%	1,597,815	20%
Menderes Tekstil Pazarlama A.Ş.	9,938,656	45%	10,114,830	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	113,606,123	48%	107,359,554	48%
Tan Elektrik Üretim A.Ş.	-	21%	540,440	21%
	124,499,282		119,612,639	

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The total assets, liabilities and owner's equity of the investments which are evaluated by the help of the equity pick up method with the summary income statement related to the periods ended 31 March 2015 and 31 December 2014 are as follows:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

	31.3.2015	31.12.2014
Current Assets	20,071,508	19,047,886
Non-current Assets	73,015,040	70,963,871
Total Assets	93,086,548	90,011,757
Current liabilities	62,764,807	59,992,669
Non-current liabilities	25,549,225	22,030,012
Shareholders' Equity	4,772,516	7,989,076
Total Equities	93,086,548	90,011,757
Sales, net	98,500	266,353
Cost of sales, net	(48,114)	(173,984)
Net profit / (loss)	(3,217,898)	(5,140,020)

As of 31 March 2015, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. has construction in progress amounting to TRY 22,958,859 (31 December 2014: TRY 21,516,916).

Menderes Tekstil Pazarlama A.Ş.

	31.3.2015	31.12.2014
Current Assets	17,274,284	19,068,071
Non-current Assets	7,922,317	7,703,527
Total Assets	25,196,601	26,771,598
Current liabilities	2,884,949	4,068,670
Non-current liabilities	225,750	225,527
Shareholders' Equity	22,085,902	22,477,401
Total Equities	25,196,601	26,771,598
Sales, net	24,250,039	76,841,674
Cost of sales, net	(24,125,204)	(73,019,872)
Net profit / (loss)	(400,680)	(513,288)

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Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	31.3.2015	31.12.2014
Current Assets	25,827,187	26,767,441
Non-Current Assets	362,622,034	346,985,775
Total Assets	388,449,221	373,753,216
Current liabilities	47,696,222	46,133,559
Non-Current liabilities	103,966,374	103,950,020
Shareholders' Equity	236,786,624	223,669,637
Total Equities	388,449,221	373,753,216
Sales, net	58,358,286	215,409,944
Cost of sales, net	(49,123,397)	(179,745,383)
Net profit / (loss)	14,850,620	31,080,991

Tan Elektrik Üretim A.Ş.

	31.3.2015	31.12.2014
Current Assets	1,772,217	1,297,413
Non-Current Assets	36,420,796	38,176,256
Total Assets	38,193,013	39,473,669
Current liabilities	18,012,978	30,635,446
Non-Current liabilities	21,820,733	6,264,696
Shareholders' Equity	(1,640,698)	2,573,527
Total Equities	38,193,013	39,473,669
Sales, net	1,454,383	838,418
Cost of sales, net	(1,496,343)	(1,661,311)
Net profit / (loss)	(4,215,739)	(10,377,662)

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NOTE 16 – TANGIBLE FIXES ASSETS

Cost	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2013 Opening Balance	12,520,203	49,883,719	198,939,322	1,199,613	6,295,466	17,377,899	286,216,222
Additions	231,718	85,750	25,359,313	812,205	969,211	29,373,484	56,831,681
Disposals	-	-	(10,965,199)	(153,229)	(3,715,380)	-	(14,833,808)
Transfers	16,848,306	4,926,825	21,639,753	-	330,303	(43,745,187)	-
31 December 2013 closing balance	29,600,227	54,896,294	234,973,189	1,858,589	3,879,600	3,006,196	328,214,095
Additions	5,077	2,750	5,835,334	270,754	3,481,721	26,554,595	36,150,231
Disposals	-	-	(2,623,905)	(451,226)	(28,656)	-	(3,103,787)
Transfers	528,716	7,649,471	20,453,485	-	502,132	(29,133,804)	-
31 December 2014 closing balance	30,134,020	62,548,515	258,638,103	1,678,117	7,834,797	426,987	361,260,539
Additions	42,001	3,814	342,286	122,287	839,397	1,923,726	3,273,511
Disposals	-	-	(3,504,221)	-	(45,924)	-	(3,550,145)
31 March 2015 closing balance	30,176,021	62,552,329	255,476,168	1,800,404	8,628,270	2,350,713	360,983,905
Accumulated Depreciation							
1 January 2013 Opening balance	2,164,965	12,969,568	176,790,327	563,574	4,905,613	-	197,394,047
Additions	633,673	1,033,222	8,195,772	185,392	389,486	-	10,437,545
Disposals	-	-	(10,039,311)	(153,229)	(3,695,019)	-	(13,887,559)
31 December 2013 closing balance	2,798,638	14,002,790	174,946,788	595,737	1,600,080	-	193,944,033
Additions	2,017,141	1,146,603	11,709,294	279,930	730,308	-	15,883,276
Foreign currency conversion differences	-	-	(1,653,097)	-	-	-	(1,653,097)
Disposals	-	-	(2,419,321)	(206,900)	(666)	-	(2,626,887)
31 December 2014 closing balance	4,815,779	15,149,393	182,583,664	668,767	2,329,722	-	205,547,325
Additions	519,020	319,555	3,257,276	69,715	280,553	-	4,446,119
Disposals	-	-	(3,504,221)	-	(2,728)	-	(3,506,949)
31 Mart 2015 kapanış bakiyesi	5,334,799	15,468,948	182,336,719	738,482	2,607,547	-	206,486,495
31.12.2013, Net Book Value	26,801,589	40,893,504	60,026,401	1,262,852	2,279,520	3,006,196	134,270,062
31.12.2014, Net Book Value	25,318,241	47,399,122	76,054,439	1,009,350	5,505,075	426,987	155,713,214
31.03.2015, Net Book Value	24,841,222	47,083,381	73,139,449	1,061,922	6,020,723	2,350,713	154,497,410

As of 31 March 2015, the depreciation expense of tangible fixed assets for the period is TRY 4,446,119 (31 December 2014: TRY 15,883,276).

As of 31 March 2015, fixed assets are insured for TRY 193,339,755 and EUR 11,382,080 (TRY 32,221,530) (31 December 2014: TRY 177,740,222; EURO 11,382,080 (TRY 32,105,433)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 341,805,690), EUR 21,000,000 (TRY 59,448,900) and TRY 73,910,000.

NOTE 17 – INTANGIBLE ASSETS

Cost	Rights	Research and development expenses	Other intangible assets	Total
01 January 2013 Opening	27,720	163,323	539,345	730,388
Additions	-	188,109	83,574	271,683
Disposals	-	(351,432)	(325,363)	(676,795)
31 December 2013 closing balance	27,720	-	297,556	325,276
Additions	-	-	42,497	42,497
Disposals	-	-	(140,714)	(140,714)
31 December 2014 closing balance	27,720	-	199,339	227,059
Additions	-	-	8,650	8,650
31 March 2015 closing balance	27,720	-	207,989	235,709

Accumulated Depreciation

1 January 2013 Opening balance	6,797	2,732	297,967	307,496
Additions	9,350	-	96,428	105,778
Disposals	-	(2,732)	(251,926)	(254,658)
31 December 2013 closing balance	16,147	-	142,469	158,616
Additions	8,826	-	72,991	81,817
Disposals	(583)	-	(100,563)	(101,146)
31 December 2014 closing balance	24,390	-	114,897	139,287
Additions	2,667	-	16,132	18,799
Disposals	-	-	-	-
31 March 2015 closing balance	27,057	-	131,029	158,086

As of 31 March 2015, the amortization expense of intangible fixed assets for the period is TRY 18,799 (31 December 2014: TRY 81,817).

NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Guarantees, security and mortgage (GSM) given by the Group	31.3.2015	31.12.2014
A. Total Amount of GSM given on behalf of legal entity	578,883,282	845,138,611
B. Total Amount of GSM given for partnerships which included in full consolidation	None	11,460
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. Total Amount of GSM given for the Parent Company	None	None
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	14,527,293	12,906,037
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	593,410,575	858,056,108

As of 31 March 2015, other GSM given by the Group is not. As of 31 December 2014, ratio which is other GSM given by the Group over its equity is 4%.

For the credits, avals do not exist in favor of related parties by Group. Regarding to credit contracts of the Group, USD 68,900,000 (TRY 179,294,638) and TRY 104,600,000 avals are provided by related parties.

Group has given joint and collective guarantee at most USD 5,565,586 (TRY 14,527,293) for the financial leasing agreement signed between Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and İş Finansal Kiralama A.Ş (31 December 2014: USD 5,565,586 (TRY 12,906,037)). As of 06 May 2015, the bailment given jointly and severally has been paid.

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

	FX type	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	2.6102	341,805,690
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	2.8309	59,448,900
				475,164,590

As of 31 March 2015, details of the guarantee letters given are as following:

Details of Guarantee Letters Given	FX type	FX amount	FX rate	TRY equivalent
Electricity Distribution Company	TRY	8,354,510	1.0000	8,354,510
Custom Office	TRY	5,734,506	1.0000	5,734,506
Credit Guarantee	USD	1,115,000	2.6102	2,910,373
Other	TRY	1,246,346	1.0000	1,246,346
				18,245,735

As of 31 March 2015, bank has given guarantees for trade payables of USD 5,398,208 (TRY 14,090,401) and EUR 599,539 (TRY 1,697,236) (31.12.2014: USD 5,404,851 (TRY 12,533,309) and EUR 970,928 (TRY 2,738,694)).

As of 31 March 2015, Group has deposit blockage within 3 months amount of and TRY 5,000,000 and USD 1,850,000 (TRY 4,828,870) for bank loans used from Şekerbank T.A.Ş (31.12.2014: TRY 20,000,000; USD 1,850,000 (TRY 4,289,965)).

As of 31 March 2015, bank details of the guarantee letters given are as following:

Bank Details of Guarantee Letters Given	FX type	FX amount	FX rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	5,824,050	1.0000	5,824,050
Türkiye Vakıflar Bankası T.A.O.	USD	2,750,000	2.6102	7,178,050
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Alternatifbank A.Ş.	TRY	604,400	1.0000	604,400
Halk Bank A.Ş.	TRY	1,064,960	1.0000	1,064,960
Akbank Denizli Ticaret Şubesi	TRY	605,902	1.0000	605,902
Türkiye Finans Katılım Bankası A.Ş.	USD	1,115,000	2.6102	2,910,373
				18,245,735

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As of 31 March 2015, bank details of the general borrowing contracts are as following:

General Borrowing Contracts:	FX type	FX Amount	FX Rate	TRY Equivalent
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Alternatif Bank A.Ş.	USD	6,000,000	2.6102	15,661,200
Denizbank A.Ş.	USD	9,000,000	2.6102	23,491,800
Eximbank A.Ş.	USD	25,000,000	2.6102	65,255,000
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	2.6102	24,796,900
Odea Bank A.Ş.	TRY	7,000,000	1.0000	7,000,000
Şekerbank A.Ş.	USD	20,000,000	2.6102	52,204,000
Şekerbank A.Ş.	TRY	8,500,000	1.0000	8,500,000
Şekerbank A.Ş.	EUR	5,000,000	2.8309	14,154,500
Tekstilbank A.Ş.	USD	3,490,000	2.6102	9,109,598
Türkiye Finans Katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Vakıfbank A.Ş.	TRY	21,100,000	1.0000	21,100,000
Vakıfbank A.Ş.	USD	5,200,000	2.6102	13,573,040
				322,846,038

As of 31 March 2015, details of the guarantee checks given are as following:

Guarantee Checks Given	Bank Name	FX type	FX amount	FX rate	TRY equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	6,367,000	2.6102	16,619,143
					16,619,143

As of 31 March 2015, details of the guarantee notes given are as following:

Guarantee Notes Given	FX type	FX amount	FX rate	TRY equivalent
Eximbank	USD	628,750	2.6102	1,641,163
				1,641,163

As of 31 March 2015, bank details of the bonds are as following:

Bond	Bank Name	FX type	FX amount	FX rate	TRY equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	5,000,000	2.6102	13,051,000
Türk Eximbank	Denizbank A.Ş.	USD	6,900,000	2.6102	18,010,380
Türk Eximbank	Şekerbank T.A.Ş.	USD	3,900,000	2.6102	10,179,780
Türk Eximbank	Finansbank A.Ş.	USD	1,000,000	2.6102	2,610,200
Türk Eximbank	Halkbank A.Ş.	USD	4,300,000	2.6102	11,223,860
Türk Eximbank	Alternatif Bank A.Ş.	USD	1,000,000	2.6102	2,610,200
Türk Eximbank	Türkiye Finans Katılım Bankası A.S	USD	1,400,000	2.6102	3,654,280
Türk Eximbank	Albarakaturk	USD	750,000	2.6102	1,957,650
Türk Eximbank	Odeabank A.Ş.	USD	1,500,000	2.6102	3,915,300
					67,212,650

NOTE 19 – SHORT TERM PROVISIONS

Other Short Term Provisions

	31.03.2015	31.12.2014
Provision for the court cases	260,199	260,200
Provision for unused personel leave	1,252,587	1,252,310
	1,512,786	1,512,510

Long Provisions for Employee Benefits

	31.03.2015	31.12.2014
Provision for severance pay	13,101,930	9,612,627
	13,101,930	9,612,627

For the period 01 January – 31 March 2015, average personnel number including subcontractors employed by the Group is 4,318 (01.01-31.12.2014: 4,378). The rate of retirement probability used is 98%.(01.01-31.12.2014: 95%)

For the period ended at 31 March 2015 and 31 December 2014, the movement schedule of severance pay provision is as following;

	31.03.2015	31.12.2014
Balance of 1 January	9,612,627	6,392,684
Increase in the period	315,887	868,861
Interest cost	478,727	1,272,959
Payments	(1,347,776)	(2,526,312)
Actuarial profit/(loss)	4,042,465	3,604,435
Balance at the end of the period	13,101,930	9,612,627

NOTE 20 – EMPLOYEE BENEFITS LIABILITIES

	31.03.2015	31.12.2014
Due to personnel	3,907,210	4,038,455
Social security deductions payable	1,164,563	1,680,325
	5,071,773	5,718,780

NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES

Other current assets

	31.03.2015	31.12.2014
VAT carried forward	16,525,779	16,138,603
	16,525,779	16,138,603

NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

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

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

	31.03.2015		31.12.2014	
	Share (%)	TRY	Share (%)	TRY
Shareholders:				
Public Offered Shares	51.93%	129,828,520	51.93%	129,828,520
Akça Holding A.Ş.	45.68%	114,208,053	45.68%	114,208,053
Other	2.39%	5,963,427	2.39%	5,963,427
Total	100%	250,000,000	100%	250,000,000

According to company'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 Capital Adjustment Differences

	31.03.2015	31.12.2014
Inflation adjustment difference in capital	485,133	485,133
	485,133	485,133

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

22.3.1 Actuarial Benefit/ (Loss) of the Retirement Plans

	31.03.2015	31.12.2014
Actuarial benefit/ (loss) of the retirement plans	(3,337,331)	(1,181,579)
	(3,337,331)	(1,181,579)

22.4 Restricted Reserves

	31.03.2015	31.12.2014
Legal reserves	10,209,777	9,754,762
	10,209,777	9,754,762

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

Profit Distribution

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

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

Of subsidiaries profit distribution policies:

Profit not distributed,

Share of profit rates, and these rates apply to the account pen,

Methods of payment and time,

The share of profit in cash or as bonus shares cannot be distributed (for companies traded on the stock exchange),

Distributed profit share advance issues not regulated.

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

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

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

Shares of companies traded on the stock exchange:

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

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

Statement of profit distribution or dividend advance distribution table

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

22.5 Retained Earnings / Losses

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

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

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

22.6 Minority Interest

31 March 2015	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
Smryna	9,181,286	555,049	79%	21%	2,028,402	115,635
					2,028,402	
31 December 2014	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)
Smryna	11,528,944	(2,317,471)	79%	21%	1,912,767	(482,807)
					1,912,767	

NOTE 23 – SALES AND COST OF SALES

23.1 Sales

	01.01.- 31.03.2015	01.01.- 31.03.2014
Domestic sales	36,614,989	35,895,717
Export sales	64,861,301	95,026,631
Other sales	182,539	223,722
	101,658,829	131,146,070
Sales returns	(77,070)	(121,200)
Sales Income, (net)	101,581,759	131,024,870

23.2 Cost of Sales

	01.01.- 31.03.2015	01.01.- 31.03.2014
Direct material expenses	85,662,229	114,362,016
Direct labor expenses	19,654,699	16,503,333
General production expenses	3,139,448	4,615,641
Depreciation expenses	3,811,263	3,115,111
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods (+)	68,268,462	41,578,636
2. Ending semi-finished goods (-)	(93,555,184)	(69,605,108)
Cost of finished goods produced	86,980,917	110,569,629
<u>Change in finished goods inventory</u>		
1. Beginning inventory (+)	39,728,264	28,629,984
2. Ending inventory (-)	(31,139,936)	(42,414,691)
Cost of finished goods sold	95,569,245	96,784,922
<u>Cost of merchandise</u>		
1. Beginning Merchandise Inventory (+)	78,508	226,208
2. Purchases During the Period (+)	1,439,102	3,667,952
3. Ending Merchandise Inventory (-)	(614,571)	(315,720)
Cost of merchandise sold	903,039	3,578,440
Cost of other service rendered	365,484	442,100
Cost of biological assets	1,262,588	455,162
Depreciation of biological assets	561,597	552,577
Cost of sales, net	98,661,953	101,813,201

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

	Unit	01.01.- 31.3.2015	01.01.- 31.3.2014
Yarn	Kg	868,059	1,342,075
Raw Clothing	m ²	23	16,627
Finishing Cloth	m ²	5,173,513	6,582,688
Lining	m ²	7,153,367	6,400,576
Linens, Sheets, Curtains, Pillows	Unit	3,120,237	3,818,442
Electricity	Kwh	157,960	252,930
Cotton Waste	Kg	182,860	168,160
Piece of Cloth	Kg	634,260	988,020
Yarn Waste	Kg	291,230	143,308
Textile Trash Powder	Kg	21,960	23,980
Tomato	Kg	1,310,012	1,007,263

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

	Unit	01.01.- 31.3.2015	01.01.- 31.3.2014
Yarn	Kg	3,737,148	3,186,356
Raw Clothing	m ²	37,000,882	34,533,249
Finishing Cloth	m ²	25,751,989	44,084,102
Lining	m ²	7,210,354	8,594,181
Linens, Sheets, Curtains, Pillows	Unit	2,786,566	3,980,299
Electricity	Kwh	17,492,031	17,505,865
Cotton Waste	Kg	180,993	177,274
Piece of Cloth	Kg	925,333	1,110,058
Yarn Waste	Kg	282,657	134,825
Textile Trash Powder	Kg	21,960	23,980
Tomato	Kg	1,310,012	1,007,263

NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SALES AND DISTRIBUTION EXPENSES

	01.01.-	01.01.-
	31.03.2015	31.03.2014
Marketing, sales and distribution expenses	2,873,983	3,017,991
General administrative expenses	3,132,177	1,216,833
	6,006,160	4,234,824

24.1 Marketing, Sales and Distribution Expenses

	01.01.-	01.01.-
	31.03.2015	31.03.2014
Personnel expenses	1,255,263	769,582
Export expenses	1,412,507	1,968,271
Transportation of domestic sale	20,392	240,542
Depreciation expenses	5,976	-
Other expenses	179,845	39,596
	2,873,983	3,017,991

24.2 General Administrative Expenses

	01.01.- 31.03.2015	01.01.- 31.03.2014
Personnel expenses	221,227	196,208
Insurance expenses	209,698	170,537
Representation and accommodation expenses	31,507	-
Communication expenses	31,999	31,328
Rent expenses	55,349	2,458
Education and consultancy expenses	55,250	117,241
General administrative material consumption	54,465	77,452
Capital market expenses	21,681	-
Repair and maintenance expenses	-	349
Traveling expenses	77,565	85,240
Membership expenses	6,115	4,685
Tax and duty expenses	192,993	66,259
Shares in holding cost (*)	100,994	32,356
Notary and insurance expenses	3,980	9,568
Aid and donation expenses	1,228,528	40,788
Consulting expenses	40,602	38,149
Electricity expenses	83,060	71,851
Lawsuit expenses and provisions	58,024	78,154
Severance pay provision expenses	315,887	2,105
Provision for unused leave	17,112	-
Depreciation expenses	86,082	8,896
Office rent expenses	84,000	10,500
Other expenses	156,059	172,709
	3,132,177	1,216,833

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

NOTE 25 – INCOME/ EXPENSE FROM OTHER OPERATIONS

25.1 Income From Other Operations

	01.01.- 31.03.2015	01.01.- 31.03.2014
Reversal of unnecessary provision	16,835	485,893
Foreign exchange gain	1,050,475	3,617,776
Discount income / expenses on payables, net	867,791	1,406,070
Prior period income and profit	-	22,690
SGK incentive income	622,979	510,185
Incentive and support income	921,299	38,324
Other income and profit (*)	16,753	26,871
	3,496,132	6,107,809

25.2 Expenses from Other Operating (-)

	01.01.- 31.03.2015	01.01.- 31.03.2014
Commissions expenses	(3,254,886)	(3,738,155)
Foreign exchange losses	(6,189,425)	(2,350,132)
Discount income / (expenses) on trade receivables	(1,058,168)	(1,107,398)
Other expenses and losses	(36,696)	(190,631)
	(10,539,175)	(7,386,316)

NOTE 26 – INVESTMENT ACTIVITIES INCOME / EXPENSE

26.1 Income from Investment Activities

	01.01.- 31.03.2015	01.01.- 31.03.2014
Rent income	116,863	71,743
Profit on sale of fixed assets	53,512	135,810
	170,375	207,553

26.2 Profit / Loss From Investments Evaluated by Equity Method

	01.01.- 31.03.2015	01.01.- 31.03.2014
Shares Related with Investment Valued by the Equity Method	4,886,643	2,041,957
	4,886,643	2,041,957

NOTE 27 – FINANCIAL INCOME / EXPENSES

27.1 Financial Income

	01.01.- 31.03.2015	01.01.- 31.03.2014
Interest income	144,169	525,590
Maturity differences due from related parties (6-iii-f)	4,948,824	3,069,130
Foreign exchange income	2,038,004	9,605,468
Foreign exchange income from related parties (6-iii-e)	1,548,313	1,260,713
Foreign exchange income arising from future contracts	2,377,943	222,450
	11,057,253	14,683,351

27.2 Financial Expenses (-)

	01.01.- 31.03.2015	01.01.- 31.03.2014
Interest expenses	(3,500,085)	(3,401,950)
Interest expenses on related parties (6-iii-i)	(23,553)	(126)
Foreign exchange losses	(22,082,423)	(15,019,956)
Foreign exchange losses on related parties (6-iii-g)	(102,390)	(366)
Commission expenses of borrowing	(1,641,921)	(337,489)
Commission expenses of letter of guarantees	(36,059)	(48,178)
Maturity differences expenses on related parties (6-iii-h)	(1,556)	(81,735)
Foreign exchange losses arising from futures contracts	(3,559,707)	(3,507,744)
Other financial expenses	(1,915)	6,360
	(30,949,609)	(22,391,184)

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 nondeductible from tax base and subtracting tax-exempt profit, tax-free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

The applied effective interest rate in the year of 2015 is 20% (2014: 20%)

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

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

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

Taxable losses

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

Issue Premium Exception

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

The Real Estate and Subsidiary Share Sales Gain Exemption

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

Investment Allowance Exemptions

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

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% 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:

	31.03.2015		31.12.2014	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<i>Deferred tax assets:</i>				
Rediscount on receivables	364,680	72,936	181,662	36,333
Severance pay provision	14,354,517	2,870,903	10,864,937	2,172,987
Reversal of capitalized financial expenses	17,914,885	3,582,977	9,707,810	1,941,562
Reversal of capitalized on buildings	3,656,129	182,806	3,656,129	182,806
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	20,165,996	4,033,199	19,666,963	3,933,392
Tangible fixed assets (land, building, land improvements and depreciations), net	2,754,538	137,727	2,653,971	132,699
Financial fixed assets	2,750,000	137,500	2,209,560	110,478
Provision for the court cases	214,160	42,832	214,160	42,832
Other	39,532	7,905	11,513	2,302
Deferred tax assets		11,068,785		8,555,391
<i>Deferred tax liabilities:</i>				
Financial fixed assets	8,040,274	402,014	2,613,191	130,660
Rediscount on payables	686,129	137,226	693,488	138,698
Foreign exchange differences	737,244	147,449	657,261	131,452
Forward	181,361	36,272	1,534,475	306,895
Other	11,410	2,280	64,130	12,826
Deferred tax liabilities		725,241		720,531
Deferred tax assets/(liabilities), net		10,343,544		7,834,860

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

	01.01.- 31.03.2015	01.01.- 31.03.2014
Current corporation tax	(156,554)	(3,177,752)
Deferred tax assets/(liabilities), net	1,969,746	(126,238)
	1,813,192	(3,303,990)
Deferred Tax (Asset) / Liability Movements	01.01.- 31.03.2015	01.01.- 31.12.2014
Opening balance	7,834,860	9,886,357
Deferred tax expense / (income)	1,969,746	(2,267,123)
Actuarial (gain) / loss effect prior periods	538,938	215,626
Closing balance	10,343,544	7,834,860

Agreement of tax provision that is shown in income statement is as follows:

	01.01.- 31.03.2015	01.01.- 31.03.2014
Unaudited profit before tax (*)	1,030,334	12,516,494
Total additions to tax base	49,315	4,270,722
Total deductions from tax base	-	(82,539)
Unaudited financial profit	1,079,649	16,704,677
Investment allowances	(539,781)	(1,483,482)
Tax base (20%)	539,868	15,221,195
Tax base (9%)	539,781	1,483,482
Effective tax rate	20%	20%
	9%	9%
Calculated tax (20%)	107,974	3,044,239
Calculated tax (9%)	48,580	133,513
Total calculated tax	156,554	3,177,752
Tax provision in the income statements	(156,554)	(3,177,752)

(*)The calculations has been made on companies which are in scope of full consolidation and has taxation reserves.

NOTE 29 – EARNINGS PER SHARE

	01.01.- 31.03.2015	01.01.- 31.03.2014
Net profit / (loss) for the period	(23,151,543)	14,936,025
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Profit per share (TRY)	(0.0926)	0.0597

NOTE 30 – FINANCIAL INSTRUMENTS

	31.3.2015	31.12.2014
Financial assets		
Liquid Assets	94,239,839	124,275,728
Trade receivables	40,042,426	41,173,630
Financial assets	10,724,508	4,809,201
Financial liabilities		
Borrowings	320,929,469	287,084,572
Lease payables	16,352,667	17,821,876
Other payables	6,773,335	2,001,908
Trade payables	105,310,007	99,694,152

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 2015, maximum net credit risk is as following:

	Trade Receivables		Other Receivables		Bank Deposit
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	4,621,429	35,420,997	104,186,687	2,772,762	94,076,217
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	4,621,429	35,420,997	104,186,687	2,772,762	94,076,217
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	247,204	-	-	-
Impairment (-)	-	(247,204)	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

31 March 2015, maximum net credit risk is as following:

	Trade Receivables		Other Receivables		Bank Deposit
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	1,707,631	39,465,999	92,269,614	3,898,729	124,126,889
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1,707,631	39,465,999	92,269,614	3,898,729	124,126,889
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	247,204	-	-	-
Impairment (-)	-	(247,204)	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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 2015, Group's liquidity risk table is shown below:

Maturities according to agreement	Book Value	Contractual total cash outflow (=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	440,610,080	507,413,742	256,599,492	131,863,339	73,467,657	45,483,254
Financial borrowings	307,102,298	331,157,591	142,931,771	102,986,617	39,755,949	45,483,254
Lease payables	16,352,667	17,437,202	1,699,359	4,955,811	10,782,032	-
Trade payables	105,310,007	105,996,136	105,952,137	43,999	-	-
Other liabilities	11,845,108	52,822,813	6,016,225	23,876,912	22,929,676	-
	440,610,080	507,413,742	256,599,492	131,863,339	73,467,657	45,483,254

As of 31 December 2014, Group's liquidity risk table is shown below:

Maturities according to agreement	Book Value	Contractual Total cash outflow (=I+II+III)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)
Financial Liabilities Non Derivatives	401,988,130	426,084,513	179,505,841	152,607,580	93,971,092
Financial borrowings	276,751,414	298,883,428	70,038,376	147,202,026	81,643,026
Lease payables	17,821,876	19,092,757	1,698,987	5,065,704	12,328,066
Trade payables	99,694,152	100,387,640	100,213,540	174,100	-
Other liabilities	7,720,688	7,720,688	7,554,938	165,750	-
	401,988,130	426,084,513	179,505,841	152,607,580	93,971,092

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 2015, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 1,652,252.

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.

Foreign currency risk sensitivity

As of 31 March 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 36,859,032 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	(26,113,931)	26,113,931	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(26,113,931)	26,113,931	-	-
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(10,972,165)	10,972,165	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(10,972,165)	10,972,165	-	-
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	222,436	(222,436)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	222,436	(222,436)	-	-
	In the case of increasing / losing value of TRY by 10% against CHF			
10- CHF net asset / liability	4,628	(4,628)	-	-
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	4,628	(4,628)	-	-
TOTAL (3+6+9+12+15)	(36,859,032)	36,859,032	-	-

As of 31 December 2014, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 28,377,867 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	(18,607,607)	18,607,607	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(18,607,607)	18,607,607	-	-
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(10,142,814)	10,142,814	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(10,142,814)	10,142,814	-	-
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	372,554	(372,554)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	372,554	(372,554)	-	-
TOTAL (3+6+9)	(28,377,867)	28,377,867	-	-

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

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

	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	14,064,184	33,680	3,710,653	899,170	
2a. Monetary Financial Assets (including cash and banks)	7,253,649	2,097,985	610,808	536	17,140
2b. Non-monetary financial assets	-	-	-	-	
3. Other	1,649,371	628,541	-	2,267	
4. Current Assets (1+2+3)	22,967,204	2,760,206	4,321,461	901,973	17,140
5. Trade Receivables	-	-	-	-	
6a. Monetary financial receivables	10,724,508	4,108,692	-	-	
6b. Non-monetary financial assets	-	-	-	-	
7. Other	-	-	-	-	
8. Non-Current Assets (5+6+7)	10,724,508	4,108,692	-	-	-
9. Total Assets (4+8)	33,691,712	6,868,898	4,321,461	901,973	17,140
10. Trade Payables	68,107,782	24,463,670	1,502,247	-	
11. Financial Liabilities	237,661,882	78,742,191	10,904,929	325,879	
12a. Other monetary financial liabilities	28,119,571	76,519	9,862,532	-	
12b. Other non-monetary financial liabilities	-	-	-	-	
13. Current Liabilities (10+11+12)	333,889,235	103,282,380	22,269,708	325,879	-
14. Trade Payables	-	-	-	-	
15. Financial Liabilities	68,392,794	3,632,227	20,810,327	-	
16a. Other monetary financial liabilities	-	-	-	-	
16b. Other non-monetary financial liabilities	-	-	-	-	
17. Non-Current Liabilities (14+15+16)	68,392,794	3,632,227	20,810,327	-	-
18. Total Liabilities (13+17)	402,282,029	106,914,607	43,080,035	325,879	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(368,590,317)	(100,045,709)	(38,758,574)	576,094	17,140
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(370,239,688)	(100,674,250)	(38,758,574)	573,827	17,140
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports*	65,399,323	26,533,318	-	-	-
24. Imports*	43,501,290	17,649,014	-	-	-

(*)As of 31 March 2015, exports and imports balances were valuated with average rate of exchange.

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

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

	TRY equivalent functional currency	USD	EUR	GBP
1. Trade Receivables	20,349,361	20,681	5,123,717	1,626,466
2a. Monetary Financial Assets (including cash and banks)	12,018,124	4,634,912	445,523	3,766
2b. Non-monetary financial assets	-	-	-	-
3. Other	31,461,273	13,567,326	-	-
4. Current Assets (1+2+3)	63,828,758	18,222,919	5,569,240	1,630,232
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	4,809,201	2,073,915	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	4,809,201	2,073,915	-	-
9. Total Assets (4+8)	68,637,959	20,296,834	5,569,240	1,630,232
10. Trade Payables	53,456,599	20,696,073	1,937,276	-
11. Financial Liabilities	209,782,624	75,448,061	11,590,437	593,134
12a. Other monetary financial liabilities	23,019,104	68,103	8,103,383	1,103
12b. Other non-monetary financial liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	286,258,327	96,212,237	21,631,096	594,237
14. Trade Payables	-	-	-	-
15. Financial Liabilities	66,158,302	4,327,844	19,896,644	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	66,158,302	4,327,844	19,896,644	-
18. Total Liabilities (13+17)	352,416,629	100,540,081	41,527,741	594,237
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(283,778,670)	(80,243,247)	(35,958,501)	1,035,995
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(315,239,943)	(93,810,574)	(35,958,501)	1,035,995
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports*	467,599,695	213,724,866	-	-
24. Imports*	235,795,052	107,774,378	-	-

(*)As of 31 December 2014, exports and imports balances were valuated with average rate of exchange.

NOTE 32 – FINANCIAL INSTRUMENTS (STATEMENTS OF FAIR VALUES AND STATEMENTS WITHIN ACCOUNTING ENSURING FINANCIAL RISK)

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

Capital Risk Management

In capital management, the Group 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 2015 and 31 December 2014 net debt / total equity ratio is as follows:

	31.3.2015	31.12.2014
Total debts	389,981,507	360,587,096
Liquid assets	(94,239,839)	(124,275,728)
Net debt	295,741,668	236,311,368
Total equity	725,241	720,531
Total capital	296,466,909	237,031,899
Net Debt/Total Equity Ratio	99.76%	99.70%