MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
FINANCIAL STATEMENTS
AND AUDITORS’ REPORT
FOR THE YEAR ENDED AT 31 DECEMBER 2017

(Convince translation of a report and financial statements originally issued in Turkish)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1- Opinion

We have audited the consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2- Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (IAS) (of Turkey) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3- Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

For the accounting policies related to recognition of revenue and the details of significant accounting estimates and assumptions used, see Note 2.f Revenue.

Key Audit Matter	Auditor's response
The main revenue gained by the Group consists of home textiles sales. Revenue is recognized in the financial statements on an accrual basis over the fair value of the consideration received or receivable as a result of the delivery, the amount of revenue can be reliably measured and it is probable that the economic benefits related to the transaction will flow to the Group. Net sales are presented by subtracted returns, discounts and commissions from sales of goods from sales of goods. Recognition of revenue and profit for the accounting period in which the product is sold depends on an appropriate assessment of whether it relates to the product sales contract. Due to the nature of the operations of the Group, the production is completed and the customer is invoiced but the obligation related to the commercial delivery scheme has not been provided yet, there may be cases where the risk and return are not due to the customer. It is also necessary to make evaluations on the correct turn of the revenue of the products in this situation in accordance with the principle of sales revolutions. Because of the complexity of the commercial contracts, accounting for each case is selected and the recognition of revenue as the key consideration is defined as the recognition of revenue to the financial statements in the right period requires significant considerations.	Our audit procedures for this item include the following: Evaluation of the effectiveness of key internal controls of revenue in the consolidated financial statements: Examination of the risk and return transfers through the sampling method and sales documents obtained for the selected sales transactions to evaluate the appropriateness of the revenue to the accounting policies and the receipt of the financial statements in the appropriate financial reporting period. By examining the provisions of the contracts with the customers regarding the terms of trade and delivery; evaluation of timing of receipt of financial statements for different shipment arrangements. Sending confirmation for selected trade receivables via sampling method and checking compliance with financial statements. Performing analytical observations to determine the existence of unusual operations.

Provision for severance pay

Accounting for the provision for employment termination benefits and related accounting policies and the significant accounting estimates and assumptions used are detailed in Note 2.f Employee Benefits / Severance Benefits.

Key Audit Matter	Auditor's response
As of 31 December 2017, the Group's employee termination benefit is amounting to TRY 31,436,701. The Group has various assumptions such as discount rate, inflation rate, real salary increase rate and possibility of resignation when calculating the allowance for employee termination benefits. Assumptions for the calculation of the termination compensation liability within the scope of the provisions related to benefit provided to the employees are realized by the management.	As part of the audit process, personel lists used in the observed, as well as assessing and inquiring management assumptions such as discount rates, expected inflation rates, future salary increases, and probability of resignation rates. Based on the procedures performed, it has been tested whether the assumptions of the Group Management remain within a reasonable range. Based on the procedures performed, it has been tested whether the management's assumptions remain within a reasonable range. Furthermore, we assessed the appropriateness of the disclosures in the financial statements in Note 20, in terms of TAS.

Investment Property and Fair Value

For the accounting policies of the investment properties and the details of the significant accounting estimates and assumptions used, please refer to Note 2.f Investment properties.

Key Audit Matter	Auditor's response
The Group has been presented the Investment Property with its fair values in the Financial Statements purchased from related party in 2017. Fair values are determined by a real estate expertise company authorized by the Capital Markets Board. The purchase price is based on the fair value determined by a real estate expertise company authorized by the Capital Markets Board.	Our audit procedures include assessing whether the valuations made by the valuation company are in conformity with the specified standards, accounting for the valuations made and reporting that they are reported correctly in the financial statements along with our audit procedures. The appropriateness of the determination and reporting of fair value of investment properties to standards has been assessed.

4- Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accardance with IAS (of Turkey) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial staternents or, it such disclosures am inadequate, to modify our opinion. Our conclusions are based an the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, arnong other rnatters. the planned scope and timing of the audit and significant audit findings. including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have cornplied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1- Auditors report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 26 February 2018.

2- In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2017 and financial statements are not in compliance with Iaws and provisions of the Company's articles of association in relation to financial reporting.

3- In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who superwised and concluded this audit is Ali Yürüdü.

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

Dr. Ali Yürüdü
Partner

26 February, 2018
Istanbul

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

		Audited	*Audited*
ASSETS	**Footnote References**	**Current Period 31.12.2017**	**Prior Period 31.12.2016**
Current Assets		**550,854,553**	**384,523,356**
Cash and Cash Equivalents	4	37,228,665	16,923,525
Financial Investments	5	**-**	**3,360,380**
Time deposit	*5*	-	*3,360,380*
Trade Receivables		**76,534,871**	**44,743,414**
Trade Receivables from Related Parties	*6-7*	*15,669,883*	*15,302,049*
Trade Receivables from Third Parties	*7*	*60,864,988*	*29,441,365*
Other Receivables		**71,165,075**	**101,133,647**
Other Receivables from Related Parties	*6-9*	*33,849,851*	*95,890,438*
Other Receivables from Third Parties	*9*	*37,315,224*	*5,243,209*
Derivative Financial Instruments for Traiding	*10*	74,004	444,784
Derivative Financial Instruments for Traiding	*10*	*74,004*	*444,784*
Inventories	11	303,103,924	176,131,668
Biological Assets	12	4,209,447	5,758,644
Prepaid Expenses	13	2,781,682	1,779,638
Prepaid Expenses from Related Parties		-	-
Prepaid Expenses from Third Parties	*13*	*2,781,682*	*1,779,638*
Assets Related to Current Year Tax	14	5,854,147	479,406
Other Current Assets	22	49,902,738	33,768,250
Other Current Assets from Related Parties		-	-
Other Current Assets from Third Parties	22	*49,902,738*	*33,768,250*
Non-Current Assets		**592,768,776**	**453,988,336**
Financial Investments	5	9,650,000	9,650,000
Other Receivables		**132,990**	**175,624**
Other Receivables from Related Parties	*6-9*	-	-
Other Receivables from Third Parties	*9*	*132,990*	*175,624*
Investments Valued by Equity Pick-up Method	15	159,847,474	152,510,394
Investment Properties	16	58,000,000	-
Tangible Assets	17	337,424,407	271,610,281
Intangible Assets	18	3,357,317	158,018
Prepaid Expenses	13	8,623,313	2,065,909
Prepaid Expenses toRelated Parties		-	-
Prepaid Expenses to Third Parties	13	8,623,313	2,065,909
Deferred Tax Assets	29	15,733,275	17,818,110
TOTAL ASSETS		**1,143,623,329**	**838,511,692**

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

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

		Audited	*Audited*
LIABILITIES	**Footnote References**	**Current Period 31.12.2017**	**Prior Period 31.12.2016**
Current Liabilities		**465,494,437**	**405,373,620**
Financial Borrowings	8	210,823,715	255,415,493
Current Installments of Long Term Financial Borrowings	8	109,158,744	32,969,189
Trade Payables		**113,451,488**	**89,148,773**
Trade Payables to Related Parties	*6-7*	*56,905*	*7,700,158*
Trade Payables to Third Parties	*7*	*113,394,583*	*81,448,615*
Employee Benefit Liabilities	21	14,843,236	6,485,573
Other Payables		**3,188,490**	**4,185,065**
Other Payables to Related Parties	*6-9*	*802,333*	*852,767*
Other Payables to Third Parties	*9*	*2,386,157*	*3,332,298*
Derivative Financial Instruments	10	770,333	-
Deferred Income	13	6,477,159	15,295,667
Current Tax Liabilities of Period Profit	29	4,236,865	-
Current Provisions		**2,544,407**	**1,873,860**
Provision for employee benefits	*20*	*2,125,159*	*1,683,347*
Other current provisions	*20*	*419,248*	*190,513*
Non-Current Liabilities		**347,178,408**	**153,211,809**
Long Term Borrowings	8	314,743,532	106,120,169
Trade Payables		**-**	**19,635,759**
Trade Payables to Related Parties	*6-7*	-	-
Trade Payables to Third Parties	*7*	-	*19,635,759*
Deferred Income	13	207,724	518,458
Long Term Provisions		**31,436,701**	**26,646,229**
Long Term Provisions for Employee Benefits	*20*	*31,436,701*	*26,646,229*
Deferred Tax Liabilities	29	790,451	291,194
Equity		**330,950,484**	**279,926,263**
Parent Company's Equity		**331,814,591**	**277,191,456**
Paid in Capital	23.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	23.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control		(25,567,435)	(25,567,435)
Other Comprehensive income or expense not to be reclassified to on profit or losses			
Actuarial gain/(loss) arising from retirement benefits	23.3	*878,702*	*656,789*
Restricted Reserves	23.4	10,209,777	10,209,777
Retained Earnings / Losses	23.5	41,407,192	44,396,063
Net Profit / (Loss) for the Period		54,401,222	(2,988,871)
Minority Interests	23.6	**(864,107)**	**2,734,807**
TOTAL LIABILITIES AND EQUİTY		**1,143,623,329**	**838,511,692**

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

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

	Footnote References	*Audited* Current Period 01.01-31.12.2017	*Audited* Prior Period 01.01-31.12.2016
Revenue	24.1	818,816,025	645,115,929
Cost of Sales (-)	24.2	(656,339,276)	(562,294,407)
Gross Profit / (Loss)		**162,476,749**	**82,821,522**
General Administrative Expenses (-)	25.2	(17,472,676)	(12,996,290)
Marketing Expenses (-)	25.1	(27,877,607)	(16,004,208)
Research and Development Expenses (-)	25	(963,279)	-
Other Operating Income	26.1	22,442,066	13,317,010
Other Operating Expenses (-)	26.2	(18,314,364)	(10,371,210)
Operating Profit / (Loss)		**120,290,889**	**56,766,824**
Income from Investment Activities	27.1	2,502,759	105,275
Expenses from Investment Activities (-)	27.2	(435)	(7,064)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	27.3	16,001,612	13,602,032
Operating Activity Profit/(Loss) Before Financial Expense		**138,794,825**	**70,467,067**
Financial Income	28.1	23,257,342	21,730,151
Financial Expenses (-)	28.2	(104,474,443)	(98,082,697)
Operating Activity Profit/(Loss) Before Taxation		**57,577,724**	**(5,885,479)**
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	29	(4,236,865)	-
Deferred Tax Income/(Expense)	29	(2,530,601)	(3,440,991)
Current Period Operating Activity Profit / (Loss)		**50,810,258**	**(9,326,470)**
Profit/(Loss) for the Period		**50,810,258**	**(9,326,470)**
Distribution of the Period Income/(Loss)			
Minority Interests	23.6	(3,590,964)	(6,337,599)
Parent Company's Shares		54,401,222	(2,988,871)
Earnings Per Share	**30**	**0.2176**	**(0.0120)**
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Defined Benefit Plans Re-Measurement Gains (Losses)		267,454	(1,425,354)
-Deferred Tax Income / (Expense)		(53,491)	285,071
Other Comprehensive Income		213,963	(1,140,283)
Total Comprehensive Income/(Expense)		**51,024,221**	**(10,466,753)**
Distribution of Total Comprehensive Income			
Minority Interests		(3,598,914)	(6,341,261)
Parent Company's Shares		54,623,135	(4,125,492)

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

(Convince translation of a report and financial statements originally issued in Turkish)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR YEAR END 31 DECEMBER 2017

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		**Accumulated profits**				
	Footnote References	**Paid in Capital**	**Adjustments of Shareholders’ Equity**	**The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control**	**Defined Benefit Plans Re-Measurement Gains (Losses)**	**Restricted Reserves**	**Accumulated Profit/Loss**	**Net Profit/Loss For The Period**	**Parent Company's Equity**	**Minority Interests**	**Total Equity**
Balances at 01.01.2016	**23**	**250,000,000**	**485,133**	**(25,567,435)**	**1,793,410**	**10,209,777**	**88,285,492**	**(43,889,429)**	**281,316,948**	**9,076,068**	**290,393,016**
Transfers	23	-	-	-	-	-	(43,889,429)	43,889,429	-	-	-
Total Comprehensive Income/(Loss)		**-**	**-**	**-**	**(1,136,621)**	**-**	**-**	**(2,988,871)**	**(4,125,492)**	**(6,341,261)**	**(10,466,753)**
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	(2,988,871)	(2,988,871)	(6,337,599)	(9,326,470)
- Other Comprehensive Income/(Expense)	23	-	-	-	(1,136,621)	-	-		(1,136,621)	(3,662)	(1,140,283)
Balances at 31.12.2016	**23**	**250,000,000**	**485,133**	**(25,567,435)**	**656,789**	**10,209,777**	**44,396,063**	**(2,988,871)**	**277,191,456**	**2,734,807**	**279,926,263**
Balances at 01.01.2017	**23**	**250,000,000**	**485,133**	**(25,567,435)**	**656,789**	**10,209,777**	**44,396,063**	**(2,988,871)**	**277,191,456**	**2,734,807**	**279,926,263**
Transfers	23	-	-		-	-	(2,988,871)	2,988,871	-	-	-
Total Comprehensive Income/(Loss)		**-**	**-**	**-**	**221,913**	**-**	**-**	**54,401,222**	**54,623,135**	**(3,598,914)**	**51,024,221**
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	54,401,222	54,401,222	(3,590,964)	50,810,258
- Other Comprehensive Income/(Expense)	23	-	-	-	221,913	-	-	-	221,913	(7,950)	213,963
Balances at 31.12.2017	**23**	**250,000,000**	**485,133**	**(25,567,435)**	**878,702**	**10,209,777**	**41,407,192**	**54,401,222**	**331,814,591**	**(864,107)**	**330,950,484**

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

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

	Footnote References	*Audited* Current Period 01.01-31.12.2017	*Audited* Prior Period 01.01-31.12.2016
CASH FLOWS FROM THE OPERATING ACTIVITIES		**(62,608,826)**	**(8,194,600)**
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		**50,810,258**	**(9,326,470)**
Adjustments Related with Net Profit/Loss for The Period		**32,399,369**	**23,725,484**
Adjustments for Depreciation, Amortisation Expenses	17-18	26,083,071	25,299,480
Adjustments Related to the Provisions			
- Adjustments for Employee Termination Benefits	20-25.2	5,004,435	7,413,807
- Adjustment for Provision for Expenses and Lawsuits	20	228,735	(12,000)
- Adjustment for Other Provisions or Reversals	20	441,812	806,573
Adjustments for Interest Income and Expense			
- Adjustments for Interest Expenses	8-28	4,210,678	2,101,940
- Unearned Income from Futures Sale		1,298,064	(1,944,397)
- Deferred Financial Expense Arise From Forward Purchasing	26.2	(1,272,691)	-
Adjustments for fair value income or loss			
- Adjustments for financial assets fair value losses /(profits)	5	17,140	42,298
- Adjustments for financial instruments fair value losses /(profits)	10-28	1,141,113	178,824
Adjustments for retained earnings of investments subject to Equity Pick-up Method			
- Adjustment for retained earnings of subsidiaries	15	(7,337,080)	(13,602,032)
Tax payments/returns	29	2,584,092	3,440,991
Changes in the Company Capital		**(150,055,318)**	**(22,583,844)**
Adjustments for Increase/Decrease in Financial Assets			
Adjustments for Increase/Decrease in Trade Receivables	5	3,343,240	2,617,340
- Adjustments for Increase/Decrease in Trade Receivables from Related Parties			
- Adjustments for Increase/Decrease in Trade Receivables from Third Parties	6	(367,834)	(3,003,373)
Adjustments for increase/decrease in other receivables related to the operations	6-7	(32,721,687)	4,403,391
- Adjustments for increase/decrease in other receivables from related parties related to the operations			
- Adjustments for increase/decrease in other receivables from third parties related to the operations		62,040,587	(52,705,600)
Adjustments for Increase/Decrease in Inventories	9-14-22	(53,538,610)	(7,162,572)
Adjustments Related to the Increase/Decrease in Biological Assets	11	(126,972,256)	2,968,573
Adjustments for Increase/Decrease in Prepaid Expenses	12	1,549,197	49,356
Adjustments for Increase/Decrease in Trade Payables	13	(7,559,448)	(1,214,212)
- Adjustments for Increase/Decrease in Trade Payables to Related Parties			
- Adjustments for Increase/Decrease in Trade Payables to Third Parties	6	(7,643,253)	1,325,528
Increase/decrease in employee benefits liabilities	6-7	13,582,900	34,770,804
Adjustments for increase/decrease in other payables related to the operations	21	8,357,663	569,693
Changes in the Company Capital			
- Adjustments for Increase/Decrease in Other Receivables from Related Parties	6-9	(50,434)	1,607,900
- Adjustments for Increase/Decrease in Other Receivables from Third Parties	9	(946,141)	229,725
Increase/decrease in deferred tax	13	(9,129,242)	(7,040,397)
Cash Flow from Operating Activities		**(66,845,691)**	**(8,184,830)**
Tax Payments/Returns	29	4,236,865	(9,770)

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

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

NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		**(153,096,496)**	**(49,735,940)**
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Sale of Tangible Assets	17-18	18,788	515,586
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Purchase of Tangible Assets	17-18	(91,712,548)	(50,167,761)
- Proceeds from Purchase of Intangible Assets	17-18	(3,402,736)	(83,765)
Cash Outflows from Purchase of Investment Property		(58,000,000)	-
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		**236,010,462**	**8,390,095**
Cash Inflows / (Outflows) Derives From Business Mergers Subject to Common Control		-	-
Cash Inflows from Financial Liabilities			
- Cash Inflows from Bank Loans		1,022,898,024	778,991,178
Cash Outflows from Financial Liabilities			
- Cash Outflows for Bank Loans		(781,966,359)	(778,701,826)
Cash Outflows from Finance Leases	8	(4,921,203)	8,100,743
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		**20,305,140**	**(49,540,445)**
D. EFFECT ON FOREIGN CURRENCY DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		**20,305,140**	**(49,540,445)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**4**	**16,923,525**	**66,463,970**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**37,228,665**	**16,923,525**

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.
- Tan Elektrik Üretim A.Ş.
- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.
Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

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

As of 31 December 2017, 3,744 personnel are employed by the Company and average number of personnel is 3,764 for the period of 01.01-31.12.2017.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)

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

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	m^2	59,151,060
Knitted fabric (is used in its production)	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	6,352,500
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	15,120,000
Digital fabric printing (is used in its production)	Kg	1,573,719

Production Capacity (Energy)

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

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

Smyrna Seracılık Ticaret A.Ş.

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

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197,000 m^2.

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

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

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

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

As of 31 December 2017, 205 personnel are employed by the Company and the average number of personnel is 196 for the period of 01.01-31.12.2017.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

As of 31 December 2017, 27 personnel are employed by the Company and the average number of personnel is 22 for the period of 01.01-31.12.2017.

Tan Elektrik Üretim A.Ş.

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

As of 31 December 2017, 5 personnel are employed by the Company and the average number of personnel is 7 for the period of 01.01-31.12.2017.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

The Group is 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") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital , premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

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

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

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 26 February 2018. Boards of Directors have authority to change financial statements.

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

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows :

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

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

Investments in associates are accounted via using the equity method. These are entities in which the Group generally holds between 20% and 50% of the voting rights, or where the Group has significant influence, as well as not having control over the operations of the company.

Subsidiaries are included in consolidation as of the date of transition to the controlling group and they are excluded from the scope of consolidation as of the date of completion of the control.

The share of minority shareholders in the net assets and operating results of the Subsidiaries are presented as minority interest in the consolidated balance sheet and income statement.

In the accompanying consolidated financial statements, results of operations and assets and liabilities of associates are accounted for using the equity method of accounting. According to the equity method, associates in the consolidated financial statements are shown on the basis of the amount obtained by subtracting the cost value from the net assets of the subsidiary after deducting any impairment in the associate. Losses that exceed the share of the Group in the associate are not recognized in the records. Additional loss is due to the fact that the Group has been exposed to legal or implied liability or has made payments on behalf of an affiliate or business partnership.

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

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

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

	31.12.2017	**31.12.2016**
	Ratio %	**Ratio %**
Public Offered Shares	47.20	47.32
Akça Holding A.Ş.	50.49	50.29
Other	2.31	2.39
	100%	**100%**

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

	31.12.2017	**31.12.2016**
	Ratio %	**Ratio %**
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	22.01	22.01
Rıza Akça	36.17	37.86
Dilek Göksan	18.08	18.93
Ahmet Bilge Göksan	18.08	18.93
Menderes Tekstil Pazarlama A.Ş.	3.38	-
Erbil Akça	2.27	2.27
	100%	**100%**

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.12.2017	**31.12.2016**
	Ratio %	**Ratio %**
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	100%	**100%**

Tan Elektrik Üretim A.Ş. (Subsidiary)

	31.12.2017	**31.12.2016**
	Ratio%	**Ratio %**
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	100%	**100%**

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

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

	31.12.2017	**31.12.2016**
	Ratio %	**Ratio %**
Menderes Tekstil Sanayi ve Ticaret A.Ş.	68.00	68.00
Tan Elektrik Üretim A.Ş.	18.29	18.29
Akça Holding A.Ş.	7.01	7.01
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	4.29	4.29
Selin Tekstil Sanayi Ticaret A.Ş.	2.22	2.22
Akçasaraylı Tekstil Ltd. Şti.	0.19	0.19
	100%	**100%**

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

	31.12.2017	**31.12.2016**
	Ratio %	**Ratio %**
Zeybekçi Holding A.Ş.	50.00	49.50
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.50
	100%	**100%**

Menderes Tekstil Pazarlama A.Ş. (Participation)

	31.12.2017	**31.12.2016**
	Ratio%	**Ratio %**
Menderes Tekstil Sanayi ve Ticaret A.Ş. (*)	-	45.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	37.50	37.50
Akça Holding A.Ş.	52.50	7.50
Rıza Akça	5.00	5.00
Dilek Göksan	2.50	2.50
Ahmet Bilge Göksan	2.50	2.50
	100%	**100%**

(*) At the meeting of the Company's Board of Directors dated 29 December 2017, Menderes Tekstil Pazarlama A.Ş. ("Men-Pa")' which has a 45% share in the capital of the Company, is to be sold to Akça Holding A.Ş. and all of its shares with a nominal value of TRY 5.400.000 shall be sold to Akça Holding A.Ş., along with the determination of TRY 2.05 per share price, totaling TRY 11,070,000 determined in the Valuation Report dated 29 December 2017 with collecting the sales price in advance and canceling the Sale Commodity Contract signed with Men-Pa within the framework of all these transactions, are decided unanimously by the Board of Directors.

The sale transaction has been completed as of 29 December 2017, and Menderes Tekstil Pazarlama A.Ş. which was previously accounted by equity method in the previous accompanying financial statements has been subtracted. Menderes Tekstil Pazarlama A.Ş. the gain on sale of associates amounting to TRY 2,405,467 resulting from the sale of its shares is accounted under income from investment activities in the accompanying financial statements.

Reporting Currency

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

Offsetting

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

2.b. Changes in Accounting Policies

A group only could change it s 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 users 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, Group’s current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

The Group has presented the financial statements dated 31 December 2017 with financial statements dated 31 December 2016, the profit or loss and other comprehensive income statement, cash flow statement and the statement of changes in equity for the period of 01 January - 31 December 2017 with 01 January - 31 December 2016 comparatively. It performed reclassifications for the period of January- 31 December 2016 in order to compare financial statements and performance trends. The related reclassifications have no impact on net profit / (loss) for the period.

TRY 3,572,018 of personnel expense shown in "Cost of sales" account in profit or loss for the period ended 01 January - December 31, 2016 and other comprehensive income is classified under "Marketing and selling expenses" account.

2.e. New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December, 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January, 2017. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2017 are as follows:

TAS 7 Statement of Cash Flows (Amendments)

In December 2017, POA issued amendments to TAS 7 'Statement of Cash Flows'. The amendments are intended to clarify TAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after 1 January, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods.

TAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In December 2017, POA issued amendments to TAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

-TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

-TFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.

-IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of he associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.The amendment does not apply to the Group and will not have any effect on the financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 4 Insurance Contracts (Amendments);

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

a) Before issuing a new insurance contract standard to all companies issuing insurance contracts, the entity shall be entitled to recognize the fluctuation that may arise from the application of TFRS 9 Financial Instruments in other comprehensive income from profit or loss, and

b) Companies whose activities are predominantly linked to insurance will be subject to temporary application exemption until 2021, as required by the TFRS 9 Financial Instruments standard. Entities that postpone application of TFRS 9 Financial Instruments will continue to apply the existing TMS 39 'Financial Instruments' standard.

The amendments shall apply to annual periods beginning on or after 1 January 2018. Early application is allowed. The amendment does not apply to the Group and will not have any effect on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including longterm interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the consolidated financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

Annual Improvements – 2011–2013 Cycle

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases onbalance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual Improvements – 2011–2013 Cycle

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

a) whether an entity considers uncertain tax treatments separately;
b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
d) how an entity considers changes in facts and circumstances

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS 17 - The new Standard for Insurance Contracts [

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in future cash flow projections and risk adjustments are accounted for during the term of services rendered. An entity may choose to account for the effects of changes in discount rates in profit or loss or other comprehensive income. Standard includes specific guidance for measurement and presentation of insurance contracts with participation features.IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

Effective date for is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach..The Group is in the process of assessing the impact of the standard on financial position or performance of the Group

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRS:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendment does not apply to the Group and will not have any effect on the financial position or performance of the Group.

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:

<u>Initial measurement of financial assets and financial liabilities:</u>
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.

<u>Subsequent measurement of financial assets:</u>
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 receviables.

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 reclassed to bank loans.

Receivables and Payables

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

Borrowing Costs

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

Investment Properties

Land and buildings held for the purpose of obtaining rent or capital gains, or both, are classified as "investment property", rather than for use in the production of goods and services or for sale for administrative purposes or during normal course of business. The investment properties of the Group are revalued.based on the expertise report by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş. Investment properties (except land) are depreciated on a straight-line basis in accordance with the useful life and acquisition date.

Investments are revaluated for possible impairment, and if the carrying amount of an investment property exceeds to the recoverable amount of the investment property at the end of the evaluation, the provision is reduced to its recoverable amount. Recoverable amount is recognized as the higher of net cash flows from the current use of the investment property and the net selling price.

The real estate that is described in the form of "land" in the size of 9,067.73 m² and registered in Izmir Province, Bornova District, Kazımdirik Mahallesi, 3777 Island, with 5 Parcels, is owned by a related party Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş, has been bought in amounting to TRY 58,000,000 that is based on the valuation report prepared within the framework of the capital market legislation by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş.

Relevant real estate valuation has been performed via calculating fair value with discounted cash flow analysis over using project improvement method by a valuation company which is authorized by capital market board. The discount rate is assumed to be 15% and the revenue share rate to be 53% while the calculations are made in the related method.

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

Provision for Doubtful Receivables

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

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

Inventories

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

Biological Assets

Group's biological assets consist of planted tomatoes. Uncultivated tomatoes are reflected in the consolidated financial statements after the provision for impairment is booked, if there is a decrease in cost due to the absence of an active market.

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:

	Year
Land improvements	10-30
Buildings	50
Machinery, plant and equipments	5-10
Energy facilities	20-25
Motor vehicles	5
Fixtures and fittings	10

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

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

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

Leasing

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

Impairment of Assets

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

Employee Benefits / Severance Pay

- **Severance Pay**

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

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

The ratios of the basic assumptions used on the balance sheet date are as follows:

	31.12.2017	31.12.2016
Interest rate	14,42%	12,25%
Inflation rate	7.90%	5.90%
Discount rate	6,04%	6,00%

Employee Benefits / Severance Pay

- **Social Insurance Premium**

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

Taxes

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

Accounting Estimates

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

Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

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

Investments Subject to Equity Pick-up Method

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

Revenue

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

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

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

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

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

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

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

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

Leasing Procedures

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

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

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

The Effects of Exchange Rates

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

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

	31.12.2017	31.12.2016
USD	3.7719	3.5192
EUR	4.5155	3.7099
GBP	5.0803	4.3189
CHF	3.8548	3.4454

Derivative Financial Instruments and Instruments to Protect from Risk

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

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

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

Effects of Change in Currency Rate

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

Earnings per Share / (Loss)

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

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

Other Balance Sheet Entries

Other balance sheet entries are reflected with their book values.

Cash Flow Statement

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

Subsequent Events

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

Related Parties

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

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

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

Details of related parties are as follows:

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

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

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

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

Menderes Tekstil Pazarlama A.Ş.
Menderes Tekstil Pazarlama A.Ş.. was established in 1998. The company headquarters is in Izmir. The company is engaged in the marketing of home textile products.

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

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

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

2.g.Critical Accounting Estimates, Assumptions and Judgments

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

Provision for severance pay:

The present value of the retirement pay liability is determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net expense of the termination compensation liabilities and include the rate of reduction. Any change in the underlying assumptions affect the recorded value of the termination indemnity obligation. Actuarial losses and gains are recognized in the statement of comprehensive income in the period in which they are incurred.

The group determines the appropriate reduction rate at the end of each year. This rate is used to calculate the present value of estimated future cash outflows necessary to meet the retirement benefit obligations.

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account. The possibility of the transferable financial loss to be deducted from the period corporate income for not more than five years and to the extent that the Group is able to utilize the high taxable profit of the Group in the foreseen period is evaluated together with the precautionary principle of accounting and deferred tax asset is calculated for the related tax losses.

Doubtful receivables:

Provision for doubtful receivables represents the amount that the Group management believes will compensate future losses on receivables that are present as of the balance sheet date but are subject to uncollectible receivables under current economic conditions. The past performance of borrowers other than associates and key customers that are assessed for impairment of receivables due to impairment is based on market credits and performance from the balance sheet date to the date of approval of the financial statements and re-negotiated conditions.

Deferred financing income / expense:

The calculation of the amortized cost of trade receivables and payables by using the effective interest method is based on the expected collection and payment dates of the receivables and payables.

Useful lives:

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

Provisions for litigation:

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

Distinction of tangible fixed assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties. Registered values of the relevant facilities which recognised together with gas stations on the statutory records of the Group have been classified based on the net cash flow which they will create in the future.
The used assumptions are indicated in the related accounting policies or footnotes.

2.h. Segment Reporting of Operation Results

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

2.i. Accounting of Business Mergers under Common Control

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

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

This decision will enter into force on the date of publication to be valid on annual reporting periods after 31.12.2012. Companies that have different applications of accounting principles should consider the stated accounting principles as change in accounting policy, and make necessary corrections from the first annual financial statements and companies who are obliged to make interim period reporting must give information about the topic in the footnotes.

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

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

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

NOTE 3 – SEGMENT REPORTING

31 December 2017	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
ASSETS					
Cash and Cash Equivalents	36,332,010	10,470	886,185	-	37,228,665
Financial Investments	-	-	-	-	-
Trade Receivables	70,105,095	4,124,520	2,305,256	-	76,534,871
Other Receivables	94,480,351	661,053	44,409	(24,020,738)	71,165,075
Derivative Financial Instruments	74,004	-	-	-	74,004
Inventories	273,434,047	29,321,630	348,247	-	303,103,924
Biological Assets	-	4,209,447	-	-	4,209,447
Prepaid Expenses	2,360,586	146,667	274,429	-	2,781,682
Current Tax Assets	5,848,752	-	5,395	-	5,854,147
Other Current Assets	33,310,300	4,170,283	12,422,155	-	49,902,738
Current Assets	**515,945,145**	**42,644,070**	**16,286,076**	**(24,020,738)**	**550,854,553**
Financial Investments	76,900,000	950,000	22,450,010	(90,650,010)	9,650,000
Other Receivables	51,154	15,682	66,154	-	132,990
Investments Valued by Equity Pick-up Method	159,847,474	-	-	-	159,847,474
Investment Property	58,000,000	-	-	-	58,000,000
Tangible Assets	136,307,767	20,319,151	180,797,489	-	337,424,407
Intangible Assets	3,338,319	6,668	12,330	-	3,357,317
Prepaid Expenses	669,379	118,845	7,835,089	-	8,623,313
Deferred Tax Assets	11,701,849	478,366	6,593,411	(3,040,351)	15,733,275
Non-Current Assets	**446,815,942**	**21,888,712**	**217,754,483**	**(93,690,361)**	**592,768,776**
TOTAL ASSESTS	**962,761,087**	**64,532,782**	**234,040,559**	**(117,711,099)**	**1,143,623,329**
LIABILITIES					
Financial Borrowings	207,319,826	3,503,889	-	-	210,823,715
Current Installments of Long Term Financial Borrowings	95,460,754	2,203,060	11,494,930	-	109,158,744
Trade Payables	74,330,526	30,636,362	8,484,600	-	113,451,488
Employee Benefits Liabilities	14,161,249	444,672	237,315	-	14,843,236
Other Payables	2,091,482	14,415,070	10,702,675	(24,020,737)	3,188,490
Derivative Financial Instruments	770,333	-	-	-	770,333
Deferred Income	6,162,540	314,619	-	-	6,477,159
Period Income Tax Liability	4,236,865	-	-	-	4,236,865
Current Provisions	2,344,728	96,373	103,306	-	2,544,407
Current Liabilities	**406,878,303**	**51,614,045**	**31,022,826**	**(24,020,737)**	**465,494,437**
Long Term Borrowings	139,420,857	-	175,322,675	-	314,743,532
Trade Payables	-	-	-	-	-
Provisions For Long Term Employee Benefits	30,761,274	575,549	99,878	-	31,436,701
Deferred Income	207,724	-	-	-	207,724
Deferred Tax Liabilities	759,600	631,516	2,439,686	(3,040,351)	790,451
Non-Current Liabilities	**171,149,455**	**1,207,065**	**177,862,239**	**(3,040,351)**	**347,178,408**
Paid in Capital	250,000,000	12,000,000	100,000,000	(112,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Business Mergers Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss					
Actuarial Benefit / Loss of the Retirement Plans	891,330	(5,025)	(11,662)	4,059	878,702
Restricted reserves	10,147,245	62,532	127,759	(127,759)	10,209,777
Retained Earnings / Losses	57,165,814	(3,497,571)	(56,575,318)	44,314,267	41,407,192
Net Profit / Loss for the Period	66,043,807	3,151,736	(18,385,285)	3,590,964	54,401,222
Minority Interest	-	-	-	(864,107)	(864,107)
SHAREHOLDERS' EQUITY	**384,733,329**	**11,711,672**	**25,155,494**	**(90,650,011)**	**330,950,484**
TOTAL LIABILITIES	**962,761,087**	**64,532,782**	**234,040,559**	**(117,711,099)**	**1,143,623,329**

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

31 December 2017	**Textile Sector**	**Agricultural Sector**	**Energy Sector**	**Elimination**	**Total**
		-	-	-	-
Revenue	772,841,050	25,011,292	21,319,487	(355,804)	818,816,025
Cost of Sales (-)	(621,283,936)	(19,082,786)	(16,328,358)	355,804	(656,339,276)
GROSS PROFIT/LOSS	**151,557,114**	**5,928,506**	**4,991,129**	**-**	**162,476,749**
General Administrative Expenses (-)	(15,820,831)	(696,245)	(1,000,180)	44,580	(17,472,676)
Marketing Expenses (-)	(27,094,527)	(783,080)	-	-	(27,877,607)
Research and Development Expenses (-)	(963,279)	-	-	-	(963,279)
Other Operating Income	19,986,186	1,942,180	558,280	(44,580)	22,442,066
Other Operating Expenses (-)	(14,732,299)	(384,771)	(3,197,294)	-	(18,314,364)
OPERATING PROFİT/LOSS	**112,932,364**	**6,006,590**	**1,351,935**	**-**	**120,290,889**
Income From Investment Activities	2,502,759	-	-	-	2,502,759
Expenses From Investment Activities (-)	-	-	(435)	-	(435)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	16,001,612	-	-	-	16,001,612
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	**131,436,735**	**6,006,590**	1,351,500	**-**	**138,794,825**
Financial Income (+)	26,555,571	4,674	645,593	(3,948,496)	23,257,342
Financial Expenses (-)	(84,465,766)	(2,266,742)	(21,690,431)	3,948,496	(104,474,443)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	**73,526,540**	**3,744,522**	**(19,693,338)**	**-**	**57,577,724**
Operating Activity Tax Income / (Expense)			-		
- Income/Expense Tax for the period	(4,236,865)	-	-	-	(4,236,865)
- Deferred Tax Income/Expense	(3,245,868)	(592,786)	1,308,053	-	(2,530,601)
PROFIT/(LOSS) FOR THE PERIOD	**66,043,807**	**3,151,736**	**(18,385,285)**	**-**	**50,810,258**

31 December 2017	**Textile Sector**	**Agricultural Sector**	**Energy Sector**	**Elimination**	**Total**
Details of Assets by Segments					
Total Tangible and Intangible Assets (Net Book Value)	136,307,767	20,319,151	180,797,489	-	337,424,407
Purchases of Tangible and Intangible Assets	31,936,253	112,147	59,664,148	-	91,712,548
Depreciation Expenses	16,618,143	2,206,948	7,257,980	-	26,083,071
Total Assets	88,454,233	3,608,482	8,158,185		100,220,900
Total Liabilities	479,296,180	2,537,796	189,349,044		671,183,020
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	(7,453,628)	-	-	-	(7,453,628)
Net Foreign Currency Asset/ Liabilities	(398,295,575)	1,070,686	(181,190,859)	-	(578,415,748)
Financial Payables	**442,201,437**	**5,706,949**	**186,817,605**	**-**	**634,725,991**
- USD	*111,620,501*	-	*56,970,652*		*168,591,153*
- EUR	*330,546,313*	*2,203,060*	*129,846,953*		*462,596,326*
- GBP	-	-	-		-
- TRY	*16,737,113*	*3,503,889*	*2,569,330*		*22,810,332*
Export	635,357,806	17,342,708	-	-	652,700,514
Import	297,319,740	37,825	35,553,396	-	332,910,961
Total Debt	578,027,758	52,821,110	208,885,065	(27,061,088)	812,672,845
Cash Equivalents	(36,332,010)	(10,470)	(886,185)	-	(37,228,665)
Net Debt	541,695,748	52,810,640	207,998,880	(27,061,088)	775,444,180
Total Equity	384,733,329	11,711,672	25,155,494	(90,650,011)	330,950,484
Total Capital	926,429,077	64,522,312	233,154,374	(117,711,099)	1,106,394,664
Net Debt/Total Capital Ratio	58%	82%	89%		70%

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

Information On The Geographical Region

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

Region	01.01-31.12.2017	01.01-31.12.2016
Germany	38%	39%
U.S.A	30%	35%
Italy	9%	8%
Netherlands	6%	2%
France	4%	5%
Poland	3%	0%
China	3%	2%
Other countries	7%	9%
	100%	**100%**

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and international markets and competition conditions. It is paid attention to not to concentrate on a specific sector, country, person and company in terms of dissolving risks. As of 31 December 2017, the share of the largest buyer in the revenues from textile sector operations is 43.27%. (31.12.2016: 37.70%).

NOTE 4 – CASH AND CASH EQUIVALENTS

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

	31.12.2017	31.12.2016
Cash	16,399	23,137
Banks	**36,140,149**	**16,753,050**
Demand deposits	*9,090,149*	*2,025,142*
Time deposits	*27,050,000*	*14,727,908*
Interest accruals for banks	1,072,117	147,338
	37,228,665	**16,923,525**

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

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

	31.12.2017	**31.12.2016**
Within 1 month	27,050,000	4,486,078
1-3 months	-	10,241,830
	27,050,000	**14,727,908**

As of 31 December 2017, effective interest rates of time deposits in TRY is 14.42%. (31.12.2016: for TRY 9.32%, USD 1.86%).

As of 31 December 2017, average maturity date of time deposits is 3 days (31 December 2016: 45 days). As of 31 December 2017, time deposits consist of TRY 27,050,000 . (31.12.2016: TRY 2,932,798 and USD 3,351,645 (TRY 11,795,110))

As of 31 December 2017, the Group's time deposits within the 3 months do not have hypothec against loans used. (31.12.2016: USD 2,450,000 (TRY 8,622,040)

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	31.12.2017	**31.12.2016**
Deposits with maturities over 3 months	-	3,343,240
Bank interest accruals	-	17,140
	-	**3,360,380**

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

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

Long term financial investments

	31.12.2017	**31.12.2016**
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	9,650,000	9,650,000
	9,650,000	**9,650,000**

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

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

NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	31.12.2017	31.12.2016
Menderes Tekstil Pazarlama A.Ş.	14,054,101	13,271,513
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,710,839	2,228,880
Akçamen Tekstil A.Ş.	3,705	-
Unearned interests	(98,762)	(198,344)
	15,669,883	**15,302,049**

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

	31.12.2017	31.12.2016
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	7,597,687
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	43,733	-
Akça Solar Üretim Sanayi Ticaret A.Ş.	12,676	-
Akçamen Tekstil A.Ş.	-	143,490
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	938	-
Unearned interests	(442)	(41,019)
	56,905	**7,700,158**

c) Other receivables from related parties (Not 9):

	31.12.2017	31.12.2016
Due from shareholders		
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	33,844,833	95,754,169
Ahmet Bilge Göksan	5,018	-
Other receivables from related parties		
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	136,269
	33,849,851	**95,890,438**

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

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

	31.12.2017	31.12.2016
Due to shareholders		
Rıza Akça	802,333	491,342
Akça Holding A.Ş.	-	179,596
Other payables to related parties		
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	181,829
	802,333	**852,767**

e) Advances given to related parties:

	31.12.2017	31.12.2016
Rıza Akça	39,735	93,969
	39,735	**93,969**

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

a) Sales to related parties:

	01.01.- 31.12.2017	01.01.- 31.12.2016
Menderes Tekstil Pazarlama A.Ş.	79,865,911	68,125,757
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	3,487,412	2,718,155
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	669,908	248,390
Aktur Araç Muayene İstasyonları İşl. A.Ş.	19,000	11,780
	84,042,231	**71,104,082**

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

b) Purchases from related parties:

	01.01.- 31.12.2017	**01.01.- 31.12.2016**
Selin Tekstil Sanayi ve Ticaret A.Ş.	30,423,251	42,684,884
Akça Holding A.Ş.	64,305	28,257
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,421	7,737
Aktur Araç Muayene İstasyonları İşl. A.Ş	2,530	2,358
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş. (*)	26,341,018	4,325
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	10,742	-
	56,843,267	**42,727,561**

(*)In December 2017, Group bought agricultural products (figs, grapes and appricot) is amounting to TRY 26,341,018 which are owned by related party Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. ("Osman Akça") in exchange of it's debt. Pay prices were determined regarding to the agricultural product market price in these transactions.

c) Fixed asset purchases from related parties:

	01.01.- 31.12.2017	**01.01.- 31.12.2016**
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş. (**)	58,000,000	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	775,500
Menderes Tekstil Pazarlama A.Ş. (***)	10,450,000	-
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	46,610
	68,450,000	**822,110**

(**)The real estate that is described in the form of "land" in the size of 9,067.73 m² and registered in Izmir Province, Bornova District, Kazımdirik Mahallesi, 3777 Island, with 5 Parcels, is owned by a related party Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş, has been bought in amounting to TRY 58,000,000 that is based on the valuation report prepared within the framework of the capital market legislation by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş.

(***)An independent department area was bought which is in İzmir Province Bayraklı District Salhane Neighborhood and registered as (Folkart Towers A Block Floor: 42) 324,325,326,327,328,329,330,331,332,333 in the main real estate in 40007 Island 1 parcel and which was owned by Menderes Tekstil Pazarlama A.Ş which is amounting to TRY 10,450,000 based to the valuation report prepared by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş dated 19/12/2017 and referenced 201700178 accourding to the capital market boards regulations.

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

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

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

	01.01.-31.12.2017	01.01.-31.12.2016
Benefits provided to senior management	658,288	438,276
	658,288	**438,276**

b) Service expenses paid to related parties:

	01.01.-31.12.2017	01.01.-31.12.2016
Akça Holding A.Ş.	589,873	547,199
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	1,159,795	879,823
	1,749,668	**1,427,022**

c) Rent income from related parties:

	01.01.-31.12.2017	01.01.-31.12.2016
Akça Holding A.Ş.	91,800	84,000
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	92,400	84,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	91,800	84,000
Selin Tekstil Sanayi ve Ticaret A.Ş.	21,600	32,400
Menderes Tekstil Pazarlama A.Ş.	12,840	12,840
Akçamen Tekstil Sanayi Ticaret A.Ş.	10,320	10,320
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	8,400	8,400
	329,160	**315,960**

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

d) Rent expenses paid to related parties:

	01.01.- 31.12.2017	01.01.- 31.12.2016
Menderes Tekstil Pazarlama A.Ş.	-	360,000
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	36,264	34,920
	36,264	**394,920**

e) Service income from related parties:

	01.01.- 31.12.2017	01.01.- 31.12.2016
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	162,173	108,154
Menderes Tekstil Pazarlama A.Ş.	77,400	70,800
	239,573	**178,954**

f) Foreign exchange income from related parties (Note 28.1):

	01.01.- 31.12.2017	01.01.- 31.12.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	1,517,769	318,344
Akça Holding A.Ş.	-	1,592
	1,517,769	**319,936**

g) Interest income from related parties (Note 28.1):

	01.01.- 31.12.2017	01.01.- 31.12.2016
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	10,690,756	11,764,574
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	105,768
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,664	9,032
Akça Holding A.Ş.	-	18,651
	10,694,420	**11,898,025**

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

h) Foreign exchange losses paid to the related parties (Note 28.2):

	01.01.-31.12.2017	01.01.-31.12.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	4,091,971
Akça Holding A.Ş.	-	29,178
	-	**4,121,149**

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

	01.01.-31.12.2017	01.01.-31.12.2016
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	930,574
Akça Holding A.Ş.	-	8,902
	-	**939,476**

j) Maturity interest expenses paid to related parties (Note 28.2):

	01.01.-31.12.2017	01.01.-31.12.2016
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	17,605
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	15,143
	-	**32,748**

k) a) Participation sales to related parties	**l)**	**m)**
	01.01.-31.12.2017	**01.01.-31.12.2016**
Akça Holding A.Ş. (*)	11,070,000	-
	11,070,000	**-**

(*)The shares of Menderes Tekstil Pazarlama A.Ş. ("Men-Pa"), which has a 45% share in the capital of the Group, have a total nominal value of TRY 5,400,000 in total shares of Akça Holding A.Ş. has been sold to a total of TRY 11,070,000 regarding to valution report was prepared by expert valuation company which was dated 29.12.2017.

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

NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.12.2017	**31.12.2016**
Trade receivables	57,074,258	27,188,384
Cheques and notes	1,775,980	1,065,695
Unearned interest on trade receivables	(234,615)	(104,426)
Doubtful trade receivables	54,600	25,376
Provision for doubtful receivables (-)	(54,600)	(25,376)
Income accruals	2,249,365	1,291,712
Trade Receivables From Third Parties	**60,864,988**	**29,441,365**
Trade receivables from related parties (Note 6-i-a)	15,768,645	15,500,393
Unearned interests on related party receivables (Note 6-i-a)	(98,762)	(198,344)
Trade Receivables From Related Parties	**15,669,883**	**15,302,049**
Total Short-Term Trade Receivables	**76,534,871**	**44,743,414**

As of 31 December 2017, the average maturity of trade receivables are 27 days (31 December 2016: 25 days).

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

	31.12.2017	**31.12.2016**
1-30 days	369,641	416,976
31-60 days	130,023	6,000
61-90 days	783,952	206,009
91-120 days	357,864	244,710
121-150 days	134,500	192,000
	1,775,980	**1,065,695**

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

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

	31.12.2017	**31.12.2016**
Opening balance	25,376	543,793
Offsetting of balances that can not be collected (*)	-	(521,773)
Provision for the period	29,224	3,356
Closing Balance	**54,600**	**25,376**

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

Short Term Trade Payables

	31.12.2017	**31.12.2016**
Trade payables	78,888,027	64,733,488
Unearned interests on trade payables	(711,526)	(769,739)
Notes payables	32,079,030	15,794,011
Unearned interests on payables	(262,490)	(158,466)
Expense accruals	3,401,542	1,849,321
Trade Payables To Third Parties	**113,394,583**	**81,448,615**
Payables to related parties (Note 6-i-b)	57,347	7,741,177
Unearned interests on notes payables to related parties (Note 6-i-b)	(442)	(41,019)
Trade Payables to Related Parties	**56,905**	**7,700,158**
Total Short Term Trade Payables	**113,451,488**	**89,148,773**

As of 31 December 2017, the average maturity of trade payables are 55 days (31 December 2016: 52 days).

As of 31 December 2017, sureties were given amounting to USD 3,299,451 (TRY 12,445,201) and TRY 542,358 for trade payables of the Group by bank (31.12.2016: USD 2,766,613 (TRY 9,736,264) and EUR 110,900 (TRY 411,428)). (Note:18)

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

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

	31.12.2017	**31.12.2016**
1 – 30 days	17,767,877	5,481,068
31 – 60 days	13,089,558	4,514,415
61 – 90 days	966,595	2,754,855
91 – 120 days	110,000	882,831
121 – 150 days	145,000	2,160,842
	32,079,030	**15,794,011**

Long Term Trade Payables

	31.12.2017	**31.12.2016**
Trade Payables	-	19,635,759
	-	**19,635,759**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 8 – FINANCIAL BORROWINGS

	31.12.2017	31.12.2016
Short Term Borrowings:		
TRY borrowings	3,434,623	42,319
USD borrowings	75,629,693	144,072,581
EUR borrowings	131,617,236	110,248,821
GBP borrowings	-	368,570
Accrued Interest of Short Term Borrowings:		
TRY accrued interest of borrowings	103,889	-
USD accrued interest of borrowings	37,881	404,831
EUR accrued interest of borrowings	393	278,302
GBP accrued interest of borrowings	-	69
Short Term Financial Borrowings	**210,823,715**	**255,415,493**
Lease Payables:		
EUR lease payables, net	3,088,487	5,604,488
Borrowings		
USD borrowings	19,271,820	3,076,660
EUR borrowings	82,729,923	22,869,303
Accrued Interests of Long Term Borrowings		
USD accrued interest of borrowings	1,358,304	347,830
EUR accrued interest of borrowings	2,710,210	1,070,908
Current Installments of Long-Term Borrowings	**109,158,744**	**32,969,189**
Long Term Lease Payables:		
EUR lease payables, net	142,606	2,547,808
Long Term Borrowings:		
USD borrowings	72,293,455	18,299,634
EUR borrowings	242,307,471	85,272,727
Long Term Financial Borrowings	**314,743,532**	**106,120,169**
Total Financial Liabilities	**634,725,991**	**394,504,851**

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

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

	31.12.2017	31.12.2016
Within 3 months	70,029,932	120,843,551
Between 3 - 12 months	242,653,363	159,834,703
Between 1 - 5 years	219,308,025	73,090,446
More than 5 years	95,292,901	30,481,915
	627,284,221	**384,250,615**

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

	31.12.2017	31.12.2016
Between 1-2 years	77,780,327	26,501,708
Between 2-3 years	65,875,654	19,719,706
Between 3-4 years	43,360,747	14,491,839
Between 4-5 years	32,932,446	12,377,195
Between 5-6 years	20,481,876	6,958,956
Between 6-7 years	18,777,534	6,526,750
Between 7-8 years	16,233,843	4,983,348
Between 8-9 years	16,128,924	2,750,343
Between 9-10 years	12,058,651	2,664,143
Between 10-11 years	5,475,217	2,664,143
Between 11-12 years	2,747,853	2,664,143
Between 12-13 years	2,747,854	423,363
Between 13-14 years	-	423,363
Between 14-15 years	-	423,361
	314,600,926	**103,572,361**

As of 31 December 2017, effective interest rates for USD and EUR bank loans are 2.70% and 2.34% (31.12.2016: USD 3.24%, EUR 3.32% and GBP 3.40%) respectively.

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

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 130,950,000 (TRY 493,930,305), EUR 21,000,000 (TRY 94,825,500) and TRY 73,910,000.

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

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

	31.12.2017	**31.12.2016**
Short term lease payables	3,141,855	5,835,314
Cost of deferred lease payables (-)	(53,368)	(230,826)
	3,088,487	**5,604,488**

	31.12.2017	**31.12.2016**
Long term lease payables	144,074	2,598,464
Cost of deferred lease payables (-)	(1,468)	(50,656)
	142,606	**2,547,808**

As of 31 December 2017, the repayment schedule of lease payables are as follows:

	Lease payables	**Cost of deferred lease payables**	**Total liabilities**
Between 0 – 1 years	3,141,855	(53,368)	3,088,487
Between 1 – 2 years	144,074	(1,468)	142,606
	3,285,929	**(54,836)**	**3,231,093**

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

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

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

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.12.2017	31.12.2016
Deposit and guarantees given	56,591	11,700
VAT return receivables	2,267,619	3,182,540
Other receivables	34,991,014	1,998,969
Checks and notes received as advance	-	50,000
Other Receivables from Third Parties	**37,315,224**	**5,243,209**
Receivables from shareholders (Note 6-i-c) (*)	33,849,851	95,754,169
Receivables from related parties (Note 6-i-c)	-	136,269
Other Receivables From Related Parties	**33,849,851**	**95,890,438**
Total Other Current Receivables	**71,165,075**	**101,133,647**

(*) The receivables amounting to TRY 33,844,834 (EUR 2,278,711, EUR 5,911,232 and EUR 440,466) included in various other receivables are due from Osman Akça Tarım Ürün. İth. İhr. San ve Tic. A.Ş. ("Osman Akça"), which was collected in return for non-trade receivables, Osman Akca's agricultural exports.

The amount of receivables from shareholders consists of financial receivables from Osman Akça Tarım Ürün. İth. İhr. San. Ve Tic. A.Ş. and is not based on any type of protocol. Interest for the amount is calculated and reflected to the accompanying consolidated financial statements. For the period of 01.01-31.12.2017, the calculated interest for the amount, TRY 10,690,756 is recorded on the accompanying income statement.

As of 31 December 2017, non-trade receivables from related parties comprise 6.13% of total current assets and 2.97% of total assets. (As of 31 December 2016, it composes 24.94% of the total current assets and 11.44% of total assets).

Other Non-Current Receivables

	31.12.2017	31.12.2016
Deposits and guarantees given	132,990	175,624
	132,990	**175,624**

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

Other Current Payables

	31.12.2017	31.12.2016
Deposit and guarantees received	56,576	-
Taxes and funds payable	2,328,568	1,684,599
SSI premiums suspended under Law: 5510	-	1,647,699
Other various debts	1,013	-
Other Payables to Third Parties	**2,386,157**	**3,332,298**
Payables to shareholders (Note 6-i-d)	802,333	670,938
Payables to related parties (Note 6-i-d)	-	181,829
Other Payables to Related Parties	**802,333**	**852,767**
Total Other Current Payables	**3,188,490**	**4,185,065**

NOTE 10 – DERIVATIVE INSTRUMENTS

	31.12.2017	31.12.2016
Income accrual of forward exchange	74,004	444,784
	74,004	**444,784**

	31.12.2017	31.12.2016
Expense accrual of forward exchange	770,333	-
	770,333	**-**

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

NOTE 11 – INVENTORIES

	31.12.2017	31.12.2016
Raw materials	131,380,411	88,680,484
Semi-finished products	130,845,618	60,271,642
Finished goods	11,866,835	26,581,922
Trade goods	794,336	597,620
Other inventories	251,259	-
Agricultural products	27,965,465	-
	303,103,924	**176,131,668**

All of the Group inventory is covered by insurance coverage.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	31.12.2017	31.12.2016
Biological assets (Tomato)	4,209,447	5,758,644
	4,209,447	**5,758,644**

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

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.12.2017	31.12.2016
Order advances given	1,338,845	634,335
Prepaid expenses	1,222,554	1,050,227
Advances given for business purposes	220,283	95,076
	2,781,682	**1,779,638**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

Long Term Prepaid Expenses

	31.12.2017	31.12.2016
Advances given for purchases of tangible assets(*)	8,460,890	1,854,883
Prepaid expenses	162,423	211,026
	8,623,313	**2,065,909**

(*)TRY 7,788,811 of these advances were given for purchases of tangible fixed assets of Baklacı Jeotermal Enerji Üretim Santrali (Baklacı Geothermal Energy Power Plant) which is being constructed by subsidiary Akça Enerji Üretim Otoprodüktör Grubu A.Ş..

Short Term Deferred Income

	31.12.2017	31.12.2016
Advances received	6,166,425	14,984,940
Deferred income	310,734	310,727
	6,477,159	**15,295,667**

Long Term Deferred Income

	31.12.2017	31.12.2016
Deferred income	207,724	518,458
	207,724	**518,458**

NOTE 14 – ASSETS RELATED TO CURRENT YEAR TAX

	31.12.2017	31.12.2016
Prepaid taxes and funds	5,854,147	479,406
	5,854,147	**479,406**

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

NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

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

	31.12.2017	Share (%)	31.12.2016	Share (%)
Menderes Tekstil Pazarlama A.Ş.	--	45%	8,664,532	45%
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	159,847,474	48%	143,845,862	48%
	159,847,474		**152,510,394**	

(*)The shares of Menderes Tekstil Pazarlama A.Ş. ("Men-Pa"), which has a 45% share in the capital of the Group, have a total nominal value of TRY 5,400,000 in total shares of Akça Holding A.Ş. has been sold to a total of TRY 11,070,000 which is based on TRY 2.05 pay price regarding to valution report was prepared by expert valuation company which was dated 29.12.2017.

The sale transaction has been completed as of December 29, 2017, and Menderes Tekstil Pazarlama A.Ş., which was previously accounted by equity method in the previous accompanying consolidated financial statements has been subtracted from balance sheet. The gain on sale of associates which Menderes Tekstil Pazarlama A.Ş. is amounting to TRY 2,405,467 resulting from the sale of its shares is accounted under income from investment activities in the accompanying consolidated financial statements.

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

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	31.12.2017	31.12.2016
Current assets	94,411,728	78,535,787
Non-current assets	321,266,819	342,969,701
Total Assets	**415,678,547**	**421,505,488**
Current liabilities	62,886,446	63,295,852
Non-current liabilities	19,776,531	58,530,757
Shareholders' equity	333,015,570	299,678,879
Total Equities	**415,678,547**	**421,505,488**
Sales, net	289,310,451	262,268,806
Cost of sales	(254,346,474)	(224,037,011)
Net profit / (loss)	40,939,559	42,143,262

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

NOTE 16 – INVESTMENT PROPERTIES

Cost Value	**Lands**	**Total**
31 December 2016 closing balance	-	-
Additions	58,000,000	58,000,000
Disposals	-	-
31 December 2017 closing balance	58,000,000	58,000,000
Accumulated Depreciation		
31 December 2016 closing balance	-	-
Additions	-	-
Disposals	-	-
31 December 2017 closing balance	-	-
31.12.2016, Net Book Value	**--**	**--**
31.12.2017, Net Book Value	**58,000,000**	**58,000,000**

The real estate that is described in the form of "land" in the size of 9,067.73 m² and registered in Izmir Province, Bornova District, Kazımdirik Mahallesi, 3777 Island, with 5 Parcels, is owned by a related party Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş, has been bought in amounting to TRY 58,000,000 that is based on the valuation report prepared within the framework of the capital market legislation by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş..

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 17 – TANGIBLE FIXED ASSETS

Cost Value	**Land**	**Land Improvements**	**Buildings**	**Property, plant and equipment**	**Vehicles**	**Fixtures and fittings**	**Construction in progress**	**Total**
01 January 2016 opening balance	4,765,171	67,260,925	69,060,171	292,612,606	1,909,025	12,412,526	444,124	448,464,548
Additions	-	-	289,665	4,572,047	567,058	1,589,478	43,149,513	50,167,761
Disposals	-	-	(573,948)	(98,609)	(136,125)	(109,074)	-	(917,756)
Transfers	-	5,961,482	980,808	29,234,264	-	(456,160)	(35,720,394)	-
31 December 2016 closing balance	4,765,171	73,222,407	69,756,696	326,320,308	2,339,958	13,436,770	7,873,243	497,714,553
Additions	-	-	10,450,000	21,926,139	779,063	1,364,934	57,192,412	91,712,548
Disposals	-	-	-	(74,210)	(128,641)	(9,987)	(7,273)	(220,111)
Transfers	-	-	-	6,152,256	-	9,321	(6,161,577)	-
31 December 2017 closing balance	4,765,171	73,222,407	80,206,696	354,324,493	2,990,380	14,801,038	58,896,805	589,206,990
Accumulated Depreciation								
01 January 2016 opening balance	-	9,444,565	16,531,528	170,578,254	921,270	3,865,614	-	201,341,231
Additions	-	3,919,179	1,388,499	17,917,331	287,884	1,652,318	-	25,165,211
Disposals	-	-	(104,917)	(84,581)	(116,317)	(96,355)	-	(402,170)
Transfers	-	414,734	-	(293,158)	-	(121,576)	-	-
31 December 2016 closing balance	-	13,778,478	17,815,110	188,117,846	1,092,837	5,300,001	-	226,104,272
Additions	-	4,357,557	1,564,911	17,702,329	471,234	1,783,603	-	25,879,634
Disposals	-	-	-	(71,276)	(128,641)	(1,406)	-	(201,323)
Transfers	-	2,150,780	-	(2,150,780)	-	-	-	-
31 December 2017 closing balance	-	20,286,815	19,380,021	203,598,119	1,435,430	7,082,198	-	251,782,583
31.12.2016, Net Book Value	**4,765,171**	**59,443,929**	**51,941,586**	**138,202,462**	**1,247,121**	**8,136,769**	**7,873,243**	**271,610,281**
31 December 2017 closing balance	**4,765,171**	**52,935,592**	**60,826,675**	**150,726,374**	**1,554,950**	**7,718,840**	**58,896,805**	**337,424,407**

As of 31 December 2017, the depreciation expense of tangible fixed assets for the period is TRY 25,879,634 (31 December 2016: TRY 25,165,211).

As of 31 December 2017, fixed assets are insured for TRY 7,991,164, EUR 30,652,740 (TRY 138,412,447) and USD 125,500,588 (TRY 473,375,668). (31 December 2016: TRY 3,055,254; 21,921,500 EUR (TRY 81,326,573) and USD 112,730,000 (TRY 396,719,416)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 493,930,305), EUR 21,000,000 (TRY 94,825,500) and TRY 73,910,000.

As of 31 December 2017, net book value of leasing machines is TRY 11,981,006. (31 December 2016: TRY 16,564,907)

(*) TRY 53,591,840 of the construction in progress is regarding to Akça Enerji Üretim Otoprodüktör Grubu A.Ş. which consists of the expenditures made for the Baklacı Geothermal Power Plant is under construction.

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

NOTE 18 – INTANGIBLE ASSETS

Cost Value	**Rights**	**Research and Development Expenses**	**Other Intangible Assets**	**Total**
01 January 2016 opening balance	484,787	-	326,035	810,822
Addition	14,176	-	69,589	83,765
Disposal	-	-	-	-
31 December 2016 closing balance	498,963	-	395,624	894,587
Addition	2,559	2,910,544	489,633	3,402,736
Disposal	-	-	-	-
31 December 2017 closing balance	501,522	2,910,544	885,257	4,297,323
Accumulated Depreciation				
01 January 2016 opening balance	413,295	-	189,005	602,300
Addition	58,911	-	75,358	134,269
Disposal	-	-	-	-
31 December 2016 closing balance	472,206	-	264,363	736,569
Addition	13,074	24,255	166,108	203,437
Disposal	-	-	-	-
31 December 2017 closing balance	485,280	24,255	430,471	940,006
31.12.2016, Net Book Value	**26,757**	**--**	**131,261**	**158,018**
31.12.2017, Net Book Value	**16,242**	**2,886,289**	**454,786**	**3,357,317**

As of 31 December 2017, the amortization expense of intangible fixed assets for the period is TRY 203,437 (31 December 2016: TRY 134,269).

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2017 and 2016, the Group's guarantee / security / mortgage ("GSM") position are as follows:

Guarantees, security and mortgage "(GSM)" given by the Group	**31.12.2017**	**31.12.2016**
A. Total Amount of GSM given on behalf of legal entity	933,289,665	766,664,266
B. Total Amount of GSM given for partnerships which included in full consolidation	38,520,286	31,647,970
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. 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	None	None
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	**971,809,951**	**798,312,236**

For the credits, avals do not exist in favor of related parties by Group. For credit contracts of the Group, USD 112,250,000 (TRY 423,395,775), EUR 7,500,000 (TRY 33,866,250) and TRY 122,500,000 avals are provided by related parties (Akça Holding and Osman Akça) (31 December 2016: USD 113,750,000 (TRY 400,309,000), EUR 7,500,000 (TRY 27,824,250) and TRY 107,500,000).

As of 31 December 2017, the details of the guarantee given by the subsidiary Tan Elektrik for the investment loan are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Commerzbank AG	EUR	8,530,680	4.5155	38,520,286
				38,520,286

As of 31 December 2017, details of mortgage on lands and buildings are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	72,310,000	1.0000	72,310,000
Türkiye Vakıflar Bankası T.A.O	USD	130,950,000	3.7719	493,930,305
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	21,000,000	4.5155	94,825,500
				662,665,805

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

As of 31 December 2017, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	2,337,936	1.0000	2,337,936
Energy Market Regulatory Authority	TRY	3,144,702	1.0000	3,144,702
Customs Administration	TRY	8,311,600	1.0000	8,311,600
Credit Guarantee	USD	5,311,000	3.7719	20,032,561
Credit Guarantee	EUR	12,994,000	4.5155	58,674,407
Credit Guarantee	EUR	600,000	4.5155	2,709,300
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,090,899	1.0000	1,090,899
				96,927,074

As of 31 December 2017, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	14,258,926	1.0000	14,258,926
Türkiye Vakıflar Bankası T.A.O.	EUR	600,000	4.5155	2,709,300
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	TRY	1,193,880	1.0000	1,193,880
Denizbank A.Ş	USD	4,500,000	3.7719	16,973,550
Denizbank A.Ş	EUR	12,994,000	4.5155	58,674,407
Türkiye Finans Katılım Bankası A.Ş.	USD	811,000	3.7719	3,059,011
				96,927,074

As of 31 December 2017, avals which are given to trade receivables by the Group are as follows:

	FX Currency	**FX Amount**	**FX Rate**	**TRY Equivalent**
Türkiye Vakıflar Bankası T.A.O	USD	3,299,451	3.7719	12,445,201
Türkiye Vakıflar Bankası T.A.O	TRY	542,358	1.0000	542,358
				12,987,559

As of 31 December 2017, the Group's time deposits within the 3 months have not hypothec against loans used from banks (31.12.2016: USD 2,450,000 (TRY 8,622,040)).

As of 31 December 2017, the Group's time deposits longer than 3 months have not hypothec against loans used from banks (31.12.2016: USD 950,000 (TRY 3,343,240)).

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

As of 31 December 2017, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş	USD	9,000,000	3.7719	33,947,100
Eximbank A.Ş	USD	25,000,000	3.7719	94,297,500
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş	USD	9,500,000	3.7719	35,833,050
Odea Bank A.Ş	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	3.7719	14,144,625
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	4.5155	33,866,250
Turkiye Finans Katılım Bankası A.Ş	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş	USD	4,000,000	3.7719	15,087,600
Turkland Bank A.Ş	TRY	15,000,000	1.0000	15,000,000
				349,676,125

As of 31 December 2017, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	75,000	3.7719	282,893
Eximbank	EUR	693,750	4.5155	3,132,628
				3,415,521

As of 31 December 2017, bank details of the bonds are as follows:

Bond	Bank Name	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	12,350,000	3.7719	46,582,965
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	EUR	14,100,000	4.5155	63,668,550
Türk Eximbank	Halkbank A.Ş.	USD	1,250,000	3.7719	4,714,875
Türk Eximbank	Halkbank A.Ş.	EUR	6,600,000	4.5155	29,802,300
Türk Eximbank	Şekerbank T.A.Ş.	EUR	700,000	4.5155	3,160,850
T.C. Merkez Bankası	Türkiye İş Bankası A.Ş.	EUR	500,000	4.5155	2,257,750
T.C. Merkez Bankası	Akbank T.A.Ş	EUR	800,000	4.5155	3,612,400
T.C. Merkez Bankası	Halkbank A.Ş.	EUR	1,000,000	4.5155	4,515,500
T.C. Merkez Bankası	Türkiye Vakıflar Bankası T.A.O.	EUR	1,500,000	4.5155	6,773,250
T.C. Merkez Bankası	Turkland Bank A.Ş	EUR	1,150,000	4.5155	5,192,825
					170,281,265

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

NOTE 20 – SHORT TERM PROVISIONS

Other Short Term Provisions

	31.12.2017	31.12.2016
Provision for the lawsuits	419,248	190,513
Provision for unused personnel leave	2,125,159	1,683,347
	2,544,407	**1,873,860**

	31.12.2017	31.12.2016
Unused vacation provisions at beginning of period	1,683,347	876,774
Offsetting during the period	96,373	23,355
Provisions during the period	345,439	783,218
Closing balance	**2,125,159**	**1,683,347**

Long Term Provisions for Employee Benefits

	31.12.2017	31.12.2016
Provision for severance pay	31,436,701	26,646,229
	31,436,701	**26,646,229**

For the period of 01 January – 31 December 2017, average personnel number including subcontractors employed by the Group is 4,000 (01.01-31.12.2016: 4,016). The rate of retirement probability used is 99%.(01.01-31.12.2016: 98%)

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

	31.12.2017	31.12.2016
Balance of 01 January	26,646,229	18,095,801
Increase in the period	8,923,350	9,147,824
Interest cost	1,638,121	1,260,330
Payments	(5,503,545)	(3,283,080)
Actuarial profit/(loss)	(267,454)	1,425,354
Balance at the end of the period	**31,436,701**	**26,646,229**

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

NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

	31.12.2017	**31.12.2016**
Due to personnel	9,266,735	4,753,791
Social security deductions payable	5,576,501	1,731,782
	14,843,236	**6,485,573**

NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.12.2017	**31.12.2016**
VAT carried forward	49,902,738	32,120,551
Provision of tax base increase under Law No. 6736	-	1,647,699
	49,902,738	**33,768,250**

NOTE 23 – SHARE CAPITAL

23.1 Paid in Capital

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

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

	31.12.2017		**31.12.2016**	
Shareholders::	**Share (%)**	**TRY**	**Share (%)**	**TRY**
Halka açık kısım	47.32%	118,289,944	47.32%	118,289,944
Akça Holding A.Ş.	50.29%	125,729,501	50.29%	125,729,501
Other	2.39%	5,980,556	2.39%	5,980,556
Total	**100.00%**	**250,000,000**	**100.00%**	**250,000,000**

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

23.2 Inflation Adjustments of Shareholders' Equity

	31.12.2017	**31.12.2016**
Inflation adjustment of shareholders' equity	485,133	485,133
	485,133	**485,133**

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

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

23.3.1 Defined Benefit Plans Re-Measurement Gains (Losses)

	31.12.2017	31.12.2016
Defined Benefit Plans Re-Measurement Gains (Losses)	878,702	656,789
	878,702	**656,789**

23.4 Restricted Reserves

According to the Turkish Commercial Code, the general statutory reserves are allocated as 5% of the annual profit until 20% of the company's paid-up capital is reached. The other legal reserves are allocated at a rate of 10% of the total amount to be distributed to the shareholders after paying the shareholders a profit share of five percent. According to the Turkish Commercial Code, general legal reserves can only be used to cover losses, to keep operating at a time when things are not going well, or to take measures to prevent unemployment and mitigate its consequences, if it does not exceed the half of capital or capital removed.

	31.12.2017	31.12.2016
Legal reserves	10,209,777	10,209,777
	10,209,777	**10,209,777**

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

Profit Distribution

Public companies distribute their profit shares according to the Communiqué No: II-19.1, which is effective from 1 February 2014 of the CMB.

The partnerships distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. Within the scope of the said communiqué, a minimum distribution ratio has not been determined. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit on the interim period financial statements.

Unless the dividends determined according to the TCC are reserved for the shareholders in the Articles of Association or in the profit distribution policy; the profit share determined for the shareholders can not be distributed to the shareholders as long as the dividend determined for the shareholders is paid in cash, as it is not decided whether the other reserves will be allocated, the profit will be distributed to the beneficiaries, the members of the board of directors, partnership employees and persons other than the shareholders.

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

23.5 Retained Earnings / Losses

The accumulated profits outside the net period profit are shown in this item. Extraordinary reserves which are essentially accumulated profits and therefore unrestricted are also considered to be accumulated profits and are shown in this item.

23.6 Minority Interest

The details of the minority interests as of 31 December 2017 are as follows:

31 December 2017	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	11,711,672	3,151,736	79.17%	20.83%	2,439,933	656,612	650,801
Tan Elektrik	7,359,117	(5,877,174)	68.99%	31.01%	1,144,457	(1,822,805)	(1,825,006)
Akça Enerji	17,796,375	(12,508,111)	80.61%	19.39%	(4,448,497)	(2,424,771)	(2,424,709)
					(864,107)	**(3,590,964)**	**(3,598,914)**

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

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

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 24 – SALES AND COST OF SALES

24.1 Sales

	01.01.- 31.12.2017	01.01.- 31.12.2016
Domestic sales	154,662,463	132,685,313
Export sales	662,766,418	514,884,770
Other sales	2,783,999	1,570,782
	820,212,880	**649,140,865**
Sales returns	(1,396,855)	(420,660)
Discount on sales	-	(3,604,276)
Sales Income, (net)	**818,816,025**	**645,115,929**

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

24.2 Cost of Sales

	01.01.- 31.12.2017	**01.01.- 31.12.2016**
Direct material expenses	472,703,625	352,146,066
Direct labor expenses	117,372,885	117,089,091
General production expenses	52,436,737	17,940,326
Depreciation expenses	15,625,706	14,864,626
Change in semi-finished goods		
1. Beginning semi-finished goods(+)	60,271,642	77,397,452
2. Ending semi-finished goods (-)	(130,845,618)	(60,271,642)
Cost of finished goods produced	587,564,977	519,165,919
Changes in finished goods inventory		
1. Beginning inventory (+)	26,581,922	36,197,935
2. Ending inventory (-)	(11,866,835)	(26,581,923)
Cost of finished goods sold	602,280,064	528,781,931
Cost of merchandises		
1. Beginning merchandise inventory (+)	597,620	468,563
2. Purchases during the period (+)	12,553,928	9,205,306
3. Ending merchandise inventory (-)	(794,336)	(597,620)
Cost of merchandises sold	12,357,212	9,076,249
Cost of other service rendered	764,661	647,939
Cost of other sales	5,882,179	-
Cost of biological assets	16,519,854	9,397,231
Depreciation of biological assets	2,206,948	2,331,349
Energy costs	9,070,378	4,567,109
Energy depreciation	7,257,980	7,492,599
Cost of sales, net	**656,339,276**	**562,294,407**

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

As of 01 January – 31 December 2017 and 2016, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.12.2017	01.01.- 31.12.2016
Yarn	Kg	14,098,766	12,548,688
Raw Clothing	Mt2	112,635,998	119,139,183
Finishing Cloth	Mt2	180,000,237	161,094,200
Lining	Mt2	18,686,397	20,423,779
Linens, Sheets, Curtains, Pillows	Unit	21,012,605	17,697,007
Electricity	Kwh	151,196,900	126,230,408
Cotton Waste	Kg	275,425	314,753
Piece of Cloth	Kg	3,612,503	2,458,887
Yarn Waste	Kg	871,960	950,840
Textile Trash Powder	Kg	263,277	146,523
Tomato	Kg	6,762,864	6,223,602

As of 01 January – 31 December 2017 and 2016, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.12.2017	01.01.- 31.12.2016
Yarn	Kg	1,237,724	3,239,982
Finishing Cloth	Mt2	19,470,770	15,900,534
Lining	Mt2	19,100,366	20,892,163
Linens, Sheets, Curtains, Pillows	Unit	21,018,387	17,884,291
Electricity	Kwh	67,875,530	48,660,524
Cotton Waste	Kg	205,140	295,540
Piece of Cloth	Kg	4,001,010	3,770,640
Yarn Waste	Kg	893,140	961,680
Textile Trash Powder	Kg	265,240	144,560
Tomato	Kg	7,559,951	6,223,602

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

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.-31.12.2017	**01.01.-31.12.2016**
Research and development expenses	963,279	-
Marketing, sales and distribution expenses	27,877,607	16,004,208
General administrative expenses	17,472,676	12,996,290
	46,313,562	**29,000,498**

25.1 Marketing Expenses

	01.01.-31.12.2017	**01.01.-31.12.2016**
Personnel expenses	6,875,834	5,553,382
Export expenses	19,201,650	8,909,491
Transportation of domestic sale	608,714	615,636
Other expenses	1,191,409	925,699
	27,877,607	**16,004,208**

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

25.2 General Administrative Expenses

	01.01.-31.12.2017	**01.01.-31.12.2016**
Personnel expenses	6,581,329	4,103,503
Office expenses	2,536,661	1,451,975
Depreciation expenses	992,437	564,870
Tax and duty expenses	978,156	677,121
Vehicle and Office rental expenses	972,991	341,439
Insurance expenses	911,147	993,967
Aid and donation expenses	665,590	710,234
Education and consultancy expenses	641,610	811,673
Shares in holding cost (*)	589,873	534,299
Travelling expenses	356,534	446,824
Provision for unused personnel leave	311,141	815,549
Provision for severance pay expense	212,897	340,261
Capital market expenses	179,102	40,176
Membership expenses	168,914	36,808
Repair and maintenance expenses	122,195	192,539
Provision for doubtful receivables	29,224	-
Lawsuit expenses and provisions	21,911	227,850
Other expenses	1,200,964	707,202
	17,472,676	**12,996,290**

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

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

NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)

26.1 Other Income From Operating Activities

	01.01.-31.12.2017	**01.01.-31.12.2016**
Foreign exchange gains related to commercial activities	15,223,695	7,745,433
Discount income / expenses on payables, net	1,272,691	1,350,802
Rental income	498,561	458,066
Reversal of unnecessary provision	11,295	199,810
Insurance compensation income	-	1,944,397
Other income and profit	5,435,824	1,618,502
	22,442,066	**13,317,010**

26.2 Other Expenses From Operating Activities (-)

	01.01.-31.12.2017	**01.01.-31.12.2016**
Foreign exchange gains related to commercial activities	14,353,845	8,115,665
Discount income / (expenses) on trade receivables	1,298,064	1,033,969
Commissions expenses	2,327	499,870
Other expenses and losses	2,660,128	721,706
	18,314,364	**10,371,210**

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

NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE

27.1 Income from Investment Activities

	01.01.-31.12.2017	01.01.-31.12.2016
Subsidiary sales profit	2,405,467	-
Profit on sale of fixed assets	97,292	105,275
	2,502,759	**105,275**

(*) All shares with a nominal value of TRY 5,400,000 shall be sold to Akça Holding A.Ş., along with the determination of TRY 2,05 per share price, totaling TRY 11,070,000 determined in the Valuation Report dated 29 December 2017.

The sale transaction has been completed as of December 29, 2017, and Menderes Tekstil Pazarlama A.Ş., which was previously accounted by equity method in the previous accompanying financial statements has been subtracted. Menderes Tekstil Pazarlama A.Ş.. the gain on sale of associates amounting to TRY 2,405,467 resulting from the sale of its shares is accounted under income from investment activities in the accompanying financial statements.

27.2 Expenses from Investment Activities (-)

	01.01.-31.12.2017	01.01.-31.12.2016
Losses on sale of fixed assets	435	7,064
	435	**7,064**

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

	01.01.-31.12.2017	01.01.-31.12.2016
Shares related with investment valued by the equity pick-up method	16,001,612	13,602,032
	16,001,612	**13,602,032**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 28 – FINANCIAL INCOME / EXPENSES

28.1 Financial Income

	01.01.- 31.12.2017	**01.01.- 31.12.2016**
Maturity differences income from related parties (6-iii-g)	10,694,420	11,898,025
Foreign exchange income regarding financial activities	9,025,431	6,945,604
Foreign exchange income from related parties (6-iii-f)	1,517,769	319,936
Foreign exchange income arising from future contracts	1,675,570	2,086,964
Interest income	344,152	479,622
	23,257,342	**21,730,151**

28.2 Financial Expenses (-)

	01.01.- 31.12.2017	**01.01.- 31.12.2016**
Foreign exchange losses	79,467,592	71,262,788
Interest expenses	16,938,940	14,259,411
Foreign exchange losses arising from futures contracts	2,995,620	1,792,636
Commission expenses of borrowings	2,173,913	3,840,486
Maturity differences expenses	584,643	518,082
Foreign exchange losses on related parties (6-iii-h)	-	4,121,149
Interest expenses from related parties (6-iii-i)	-	939,476
Maturity differences expenses from related parties (6-iii-j)	-	32,748
Other financial expenses	2,313,735	1,315,921
	104,474,443	**98,082,697**

NOTE 29 –TAX ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

The Real Estate and Subsidiary Share Sales Gain Exemption
The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter's stock and perpetual bonds are exemptions of Corporation tax as of 31 December 2017 for two years.However, this rate has been decreased from 75% to 50% for the real estates regarding to new updates over the rule numbered 7061 and the rate shall be used as 50% for the tax declarations as of 2018.

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.

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

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

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

Withholding tax

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

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

Deferred Tax:

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

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

	31.12.2017		**31.12.2016**	
	Cumulative temporary differences	**Deferred tax / (liability)**	**Cumulative temporary differences**	**Deferred tax / (liability)**
Deferred tax assets:				
Unearned interests on receivables	333,377	73,343	302,770	60,554
Severance pay provision	31,436,701	6,287,340	26,646,229	5,329,245
Unused leave provisions	2,125,159	467,536	1,683,347	336,669
Reversal of capitalized financial expenses	23,450,850	4,690,170	34,530,925	6,906,185
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	8,182,702	1,636,541	14,349,651	3,442,151
Tangible fixed assets (land, building, land improvements and depreciations), net	13,352,208	1,335,220	12,693,608	269,437
Deductible retained losses	-	-	3,254,308	650,862
Other	5,650,582	1,243,125	4,115,021	823,007
Deferred tax assets		**15,733,275**		**17,818,110**
Deferred tax liabilities:				
Liability rediscounts	974,458	214,381	969,224	193,842
Other	2,618,497	576,070	486,765	97,352
Deferred tax liabilities		**790,451**		**291,194**
Deferred tax assets / (liabilities), net		**14,942,824**		**17,526,916**

The Group calculates deferred tax assets and liabilities considering the effect of temporary differences arising from the different evaluations between the statutory financial statements prepared in accordance with TAS / TFRS issued by the Company and its financial statements. These temporary differences usually result from the recognition of income and expenses in different reporting periods according to TAS / TFRS and Tax Code.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 05 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 December 2017 with a tax rate of 22% for the portion of temporary differences that will have a tax effect in 2018, 2019 and 2020 and 20% for temporary differences and 20% for 2021 and for after this year.

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

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

	01.01.-31.12.2017	**01.01.-31.12.2016**
Current corporation tax	(4,236,865)	-
Deferred tax assets/(liabilities), net	(2,530,601)	(3,440,991)
	(6,767,466)	**(3,440,991)**

Deferred Tax (Asset) / Liability Movements	**01.01.-31.12.2017**	**01.01.-31.12.2016**
Opening balance	17,526,916	20,682,836
Deferred tax income / (expense)	(2,530,601)	(3,440,991)
Actuarial (gain) / loss effect prior periods	(53,491)	285,071
Closing balance	**14,942,824**	**17,526,916**

NOTE 30 – EARNINGS PER SHARE

	01.01.-31.12.2017	**01.01.-31.12.2016**
Net profit / (loss) for the period	54,401,222	(2,988,871)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Profit per share (TRY)	**0.2176**	**(0.0120)**

NOTE 31 – FINANCIAL INSTRUMENTS

Financial assets	**31.12.2017**	**31.12.2016**
Liquid assets	37,228,665	16,923,525
Trade receivables	76,534,871	44,743,414
Other receivables	71,298,065	101,309,271
Financial assets	9,650,000	13,010,380
Financial liabilities		
Borrowings	631,494,898	386,352,555
Lease payables	3,231,093	8,152,296
Other payables	3,188,490	4,185,065
Trade payables	113,451,488	108,784,532

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

NOTE 32 –NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

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

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

As of 31 December 2017, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	**Trade Receivables**		**Other Receivables**		**Time**
	Related Party	**Third Party**	**Related Party**	**Third Party**	**Deposits**
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	15,669,883	60,864,988	33,849,851	37,448,214	36,140,149
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	15,669,883	60,864,988	33,849,851	37,448,214	36,140,149
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)	-	54,600	-	-	-
Impairment (-)	-	(54,600)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

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

Liquidity risk

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

As of 31 December 2017, Group's liquidity risk table is as follows:

Maturities according to agreement	**Book Value**	**Contractual total cash out flow (=I+II+III+IV)**	**Less than 3 months (I)**	**3 – 12 months (II)**	**1- 5 Years (III)**	**More than 5 Years (IV)**
Financial Liabilities Non Derivatives	**772,686,364**	**879,789,222**	**216,921,668**	**335,881,639**	**248,804,061**	**78,181,857**
Financial borrowings	631,494,898	723,796,960	82,580,498	328,737,829	234,296,776	78,181,857
Financial leasing	3,231,093	3,285,930	1,408,759	1,733,097	144,074	-
Trade payables	113,451,488	114,425,946	109,605,180	4,820,769	-	-
- Related parties	*56,905*	-	-	-	-	-
- Other parties	*113,394,583*	*114,425,946*	*109,605,180*	*4,820,769*	-	-
Other liabilities	24,508,885	38,280,386	23,327,231	589,933	14,363,211	-
- Related parties	*802,333*	*610,677*	-	*211,479*	*399,198*	-
- Other parties	*23,706,552*	*37,669,709*	*23,327,231*	*378,465*	*13,964,013*	-
	772,686,364	**879,789,222**	**216,921,668**	**335,881,639**	**248,804,061**	**78,181,857**

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

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

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

Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2017, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 4,365,118.

Foreign currency risk

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

As of 31 December 2017, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 57,841,576 more / less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 10% against USD			
1-USD net asset / liability	(12,006,167)	12,006,167	(12,006,167)	12,006,167
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(12,006,167)	12,006,167	(12,006,167)	12,006,167
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(45,902,750)	45,902,750	(45,902,750)	45,902,750
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(45,902,750)	45,902,750	(45,902,750)	45,902,750
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	67,313	(67,313)	67,313	(67,313)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	67,313	(67,313)	67,313	(67,313)
	In the case of increasing / losing value of TRY by 10% against CHF			
10- CHF net asset / liability	28	(28)	28	(28)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	28	(28)	28	(28)
TOTAL (3+6+9+12)	(57,841,576)	57,841,576	(57,841,576)	57,841,576

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

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

Foreign currency risk sensitivity

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

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

As of 31 December 2017, amounts of assets and liabilities of the Group in foreign currency are as follows:

					31 December 2017
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	48,716,926	7,552,379	3,949,003	472,095	-
2a. Monetary Financial Assets (including cash and banks)	8,909,996	1,006,307	1,106,508	23,146	73
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	34,714,185	5,896,216	2,268,676	438,959	-
4. Current Assets (1+2+3)	**92,341,107**	**14,454,902**	**7,324,187**	**934,200**	**73**
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	7,879,793	1,801,225	240,450	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	7,879,793	**1,801,225**	**240,450**	**-**	**-**
9. Total Assets (4+8)	**100,220,900**	**16,256,127**	**7,564,637**	**934,200**	**73**
10. Trade Payables	34,997,230	7,755,716	1,271,940	-	-
11. Financial Liabilities	316,443,947	25,534,566	48,749,888	-	-
12a. Other monetary financial liabilities	4,998,311	119,014	1,005,593	1,702	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	**356,439,488**	**33,409,296**	**51,027,421**	**1,702**	**-**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	314,743,532	19,165,934	53,693,178	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**314,743,532**	**19,165,934**	**53,693,178**	**-**	**-**
18. Total Liabilities	**671,183,020**	**52,575,230**	**104,720,599**	**1,702**	**-**
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	**(7,453,628)**	**4,488,550**	**(4,500,000)**	**(800,000)**	**-**
19a. Off-balance sheet foreign currency derivative assets	22,588,212	5,988,550	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	30,041,840	1,500,000	4,500,000	800,000	-
20. Net foreign currency asset / liabilities (9-18+19)	**(578,415,748)**	**(31,830,553)**	**(101,655,962)**	**132,498**	**73**
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(605,676,305)	(42,215,319)	(99,424,638)	493,539	73
22. Fair value of derivative instruments used in foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23. Exports(*)	**652,700,514**	**52,595,762**	**32,313,040**	**1,957,708**	**-**
24. Imports(**)	**332,910,961**	**81,778,324**	**7,116,688**	**32,300**	**21,924**

(*) The Group has TRY 323,840,853 export for the period of 01.01.-31.12.2017.
(**) The Group has TRY 5,297,643 import for the period of 01.01.-31.12.2017.

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

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

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

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

Risk of intensification of sales

During the reporting periods ending on 31 December 2017 and 2016, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and international markets and competition conditions. It is paid attention to not to concentrate on a specific sector, country, person and company in terms of dissolving risks. As of 31 December 2017, the share of the largest buyer in the revenues from textile sector operations is 43.27% (31.12.2016: 37.70%).

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

NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

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

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

Financial Assets
Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities
Monetary liabilities for which fair value approximates carrying value:

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

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

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

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

	31.12.2017	**31.12.2016**
Total debts	812,672,845	558,585,429
Liquid assets	(37,228,665)	(16,923,525)
Net debt	775,444,180	541,661,904
Total equity	330,950,484	279,926,263
Total capital	1,106,394,664	821,588,167
Net Debt/Total Equity Ratio	70%	66%

NOTE 34 – SUBSEQUENT EVENTS

The Company intends to start commercial activities related to the sale and purchase of dried fruits and vegetables in order to increase the turnover and profitability of its economic performance. It is aiming to get benefit from the experience of Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic A.Ş. It has been decided to get fason production service from Osman Akça Tarım Ürünleri İthalat İhracat Sanayi A.Ş.and in order to all transactions to be done in this frame, market customs, commercial life in accordance with principles of foresight and honesty, with the aim of signing a "fason production contract" and starting operations as of 04.01.2018.

It has been approved that is increase the capital from TRY 28,000,000 to TRY 53,000,000 at the meeting Ordinary General Assembly of the subsidiary's Board of Directors, which is accounted for by the Group's ownership method, is owned by Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. ("Aktur") on 29.01.2018. Group participated to increase capital with TRY 12,000,000 regarding to the approved diividend distributions decision at Aktur Extraordinary General Assembly Meeting held on 29.12.2017.

T.C. Gıda, Tarım ve Hayvancılık Bakanlığı Gıda ve Kontrol Genel Müdürlüğü informed Smyrna Seracılık Ticaret A.Ş., a subsidiary of the Group, with a document has reference E.389637 dated 6 February 2018 under the guarantee that the Russian Federation from 1 February 2018 to export tomatoes are allowed to be exported.