

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND AUDITOR'S REVIEW REPORT  
FOR THE INTERIM PERIOD ENDED AT 30 SEPTEMBER 2014**

# **MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.**

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**CONSOLIDATED BALANCE SHEETS**  
**AS OF 30 SEPTEMBER 2014 AND 31 DECEMBER 2013**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Reviewed</i>	<i>Audited</i>
<b>ASSETS</b>	<b>Footnote References</b>	<b>Current Period 30.09.2014</b>	<b>Prior Period 31.12.2013</b>
<b>Current Assets</b>		<b>529,333,234</b>	<b>380,791,187</b>
Cash and Cash Equivalents	4	85,044,448	59,971,644
Financial Investments	5	11,691,283	4,570,577
<b>Trade Receivables</b>		<b>56,693,023</b>	<b>65,243,742</b>
<i>Trade Receivables from Related Parties</i>	7	779,615	297,633
<i>Trade Receivables from Third Parties</i>	7	55,913,408	64,946,109
<b>Other Receivables</b>		<b>132,239,286</b>	<b>84,554,051</b>
<i>Other Receivables from Related Parties</i>	9	126,179,027	77,131,772
<i>Other Receivables from Third Parties</i>	9	6,060,259	7,422,279
Derivative Financial Instruments	10	2,063,053	696,738
Inventories	11	213,514,329	140,986,886
Biological Assets	12	3,050,538	3,778,127
Prepaid Expenses	13	3,456,285	3,655,964
Assets Related to Current Year Tax	14	5,297,091	5,815,114
Other Current Assets	21	16,283,898	11,518,344
<b>Non-Current Assets</b>		<b>283,300,194</b>	<b>257,305,427</b>
Other Receivables	9	21,067	14,694
Investments Valued by Equity Method	15	117,025,594	110,085,435
Tangible Assets	16	156,796,619	134,270,062
Intangible Assets	17	93,930	166,660
Prepaid Expenses	13	627,796	2,601,219
Deferred Tax Assets	28	8,735,188	10,167,357
<b>TOTAL ASSETS</b>		<b>812,633,428</b>	<b>638,096,614</b>
<b>LIABILITIES</b>			
<b>Short Term Borrowings</b>		<b>410,274,850</b>	<b>292,912,286</b>
Short Term Loans	8	237,940,687	172,173,455
Current installments of long term borrowings	8	27,962,129	20,971,284
<b>Trade Payables</b>		<b>101,779,991</b>	<b>71,572,873</b>
<i>Trade Payables to Related Parties</i>	7	3,630,818	748,589
<i>Trade Payables to Third Parties</i>	7	98,149,173	70,824,284
Employee Benefit Liabilities	20	5,964,302	3,413,065
<b>Other Payables</b>		<b>2,056,255</b>	<b>2,226,254</b>
<i>Other Payables to Related Parties</i>	9	559,034	1,227,287
<i>Other Payables to Third Parties</i>	9	1,497,221	998,967
Derivative Financial Instruments	10	207,700	6,164,062
Deferred Income	13	29,438,465	9,547,867
Tax Liabilities of Period Profit	28	4,392,617	6,487,101
Short Term Provisions	19	532,704	356,325
<b>Long-Term Liabilities</b>		<b>81,246,314</b>	<b>47,732,114</b>
Long Term Borrowings	8	72,093,720	41,058,430
Long Term Provisions for Employee Benefits	19	8,445,046	6,392,684
Deferred Tax Liability	28	707,548	281,000
<b>EQUITY</b>		<b>321,112,264</b>	<b>297,452,214</b>
<b>Parent Company's Equity</b>		<b>319,446,322</b>	<b>295,306,152</b>
Paid in Capital Share	22.1	250,000,000	250,000,000
Inflation adjustments to paid in capital	22.2	485,133	485,133
Other comprehensive income/(expense) not to be reclassified to profit or loss			
<i>Actuarial gain/loss arising from retirement benefits</i>	22.3	(2,375,235)	(319,081)
Other comprehensive income/expense to be reclassified to profit or loss			
<i>Foreign Currency Conversion Differences</i>	22.4	-	(1,091,445)
Restricted Reserves	22.5	9,754,762	8,507,915
Retained Earnings / Losses	22.6	36,476,783	12,010,490
Net Income / Loss for the Period		25,104,879	25,713,140
<b>Minority Interest</b>	22.7	<b>1,665,942</b>	<b>2,146,062</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>812,633,428</b>	<b>638,096,614</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**FOR THE INTERIM PERIOD OF 01 JANUARY - 30 SEPTEMBER 2014 AND 2013**  
**CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME STATEMENTS**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Reviewed</i> Current Period 01.01- 30.09.2014	<i>Reviewed</i> Prior Period 01.01- 30.09.2013	<i>Reviewed</i> Prior Period 01.07- 30.09.2014	<i>Reviewed</i> Prior Period 01.07- 30.09.2013
Revenue (net)	23.1	447,705,554	323,170,839	191,713,068	155,653,482
Cost of Sales (-)	23.2	(386,899,958)	(280,232,716)	(181,242,678)	(128,413,077)
<b>Gross Profit/(Loss)</b>		<b>60,805,596</b>	<b>42,938,123</b>	<b>10,470,390</b>	<b>27,240,405</b>
General Administrative Expenses (-)	24.2	(4,571,487)	(5,435,559)	(1,573,895)	(1,881,511)
Marketing, Selling and Distribution Expenses (-)	24.1	(11,360,225)	(7,595,604)	(4,408,830)	(3,109,078)
Other Operating Income	25.1	19,896,612	7,330,157	8,936,749	4,004,626
Other Operating Expenses (-)	25.2	(23,953,359)	(15,531,465)	(10,688,983)	(8,074,920)
<b>Operating Profit/(Loss)</b>		<b>40,817,137</b>	<b>21,705,652</b>	<b>2,735,431</b>	<b>18,179,522</b>
Income from Investment Activities	26.1	389,884	820,163	208,664	247,535
Expense from Investment Activities (-)	26.2	(69,179)	-	(64,679)	-
Shares of Profit/(Loss) from Investments Evaluated by Equity Pick-up Method	26.3	6,940,159	6,332,402	1,944,150	2,866,701
<b>Operating Activity Profit/(Loss) Before Financial Income/(Expense)</b>		<b>48,078,001</b>	<b>28,858,217</b>	<b>4,823,566</b>	<b>21,293,758</b>
Financial Income	27.1	37,510,154	29,570,432	11,351,107	13,688,376
Financial Expenses (-)	27.2	(54,453,616)	(41,427,421)	(26,063,551)	(23,085,525)
<b>Operating Activity Profit/(Loss) Before Taxation</b>		<b>31,134,539</b>	<b>17,001,228</b>	<b>(9,888,878)</b>	<b>11,896,609</b>
<b>Operating Activity Tax Income/(Expense)</b>					
Current Tax Income/(Expense)	28	(4,392,617)	(5,783,888)	892,986	(3,883,743)
Deferred Tax Income /(Expense)	28	(2,372,757)	3,200,845	983,432	1,927,031
<b>Current Period operating activity profit / (loss)</b>		<b>24,369,165</b>	<b>14,418,185</b>	<b>(8,012,460)</b>	<b>9,939,897</b>
<b>Profit/(Loss) for the Period</b>		<b>24,369,165</b>	<b>14,418,185</b>	<b>(8,012,460)</b>	<b>9,939,897</b>
<b>Distribution of the Period Income/Loss</b>					
Minority interest		(735,714)	(472,403)	(631,692)	(283,538)
Parent Company's Shares		25,104,879	14,890,588	(7,380,768)	10,223,435
<b>Earnings Per Share</b>		<b>0.0975</b>	<b>0.0577</b>	<b>(0.0320)</b>	<b>0.0398</b>
<b>Other Comprehensive Income:</b>					
<b>Income (Expenses) not to be reclassified on profit or loss</b>					
- Actuarial gain/loss arising from retirement benefits		(2,570,193)	139,414	(731,548)	505,712
- Deferred tax income / (expense)		514,039	(27,883)	146,309	(101,142)
<b>Income (Expenses) to be reclassified on profit or loss</b>					
Change in foreign currency translation differences		-	(350,084)	-	(207,121)
<b>Other comprehensive income</b>		(2,056,154)	(238,553)	(585,239)	197,449
<b>Total Comprehensive Income/(Expense)</b>		<b>22,313,011</b>	<b>14,179,632</b>	<b>(8,597,699)</b>	<b>10,137,346</b>
<b>Distribution of Total Comprehensive Income</b>					
Minority interest		(735,714)	(472,403)	(631,692)	(283,538)
Parent Company's Shares		23,048,725	14,652,035	(7,966,007)	10,420,884

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD OF 01 JANUARY - 30 SEPTEMBER 2014 AND 2013**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	Paid in Capital	Inflation Adjustment To Paid In Capital	Income (Expenses) Not To Be Reclassified On Profit Or Loss	Other Comprehensive Income/(Loss) To Be Reclassified On Profit Or Loss	Restricted reserves	Retained Profits		Parent Company's Equity	Minority Interest	Total Equity
				Actuarial Gain/Loss Arising From Employee Benefits	Foreign Currency Translation Difference		Accumulated Profit/Loss	Net Profit/Loss Of The Period			
<b>Balances as at 01.01.2013</b>	22	250,000,000	485,133	(1,044)	(575,365)	8,180,517	18,396,440	(6,058,552)	270,427,129	2,274,720	272,701,849
Transfers	22	-	-	-	-	327,398	(6,385,950)	6,058,552	-	-	-
Because of the other changes	22	-	-	-	-	-	-	-	-	(34,907)	(34,907)
Total Comprehensive Income/Loss	22	-	-	111,531	(350,084)	-	-	14,890,588	14,652,035	(472,403)	14,179,632
<b>Balances as at 30.09.2013</b>	22	250,000,000	485,133	110,487	(925,449)	8,507,915	12,010,490	14,890,588	285,079,164	1,767,410	286,846,574
<b>Balances as at 01.01.2014</b>	22	250,000,000	485,133	(319,081)	(1,091,445)	8,507,915	12,010,490	25,713,140	295,306,152	2,146,062	297,452,214
Transfers	22	-	-	-	1,091,445	1,246,847	24,466,293	(25,713,140)	1,091,445	255,594	1,347,039
Total Comprehensive Income/Loss	22	-	-	(2,056,154)	-	-	-	25,104,879	23,048,725	(735,714)	22,313,011
<b>Balances as at 30.09.2014</b>	22	250,000,000	485,133	(2,375,235)	-	9,754,762	36,476,783	25,104,879	319,446,322	1,665,942	321,112,264

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD OF 01 JANUARY - 30 SEPTEMBER 2014 AND 2013**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	<i>Reviewed</i>	<i>Reviewed</i>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Footnote</b>	<b>01.01-</b>	<b>01.01-</b>
<b>References</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
<b>A. CASH FLOWS FROM THE OPERATING ACTIVITIES</b>	<b>(38,292,519)</b>	<b>(84,744,569)</b>
<b>Profit/Loss for the period before taxation</b>	<b>31,134,539</b>	<b>17,001,228</b>
Adjustment for depreciation, amortisation expenses	16-17 11,633,305	7,798,543
Adjustment for employee termination benefits	19-24.1 2,566,401	954,006
Adjustments related to the provisions	19 176,379	310,286
Adjustment for interest income and expense	8-27.2 1,762,777	655,357
Rediscount on receivables	25.2 1,220,738	688,256
Rediscount on payables	25.1 1,290,227	1,101,552
<b>Changes in the company capital</b>		
Adjustments related to the increase/decrease in financial assets	5 (7,120,706)	(5,096,127)
Adjustments related to the increase/decrease in trade receivables	7 7,329,981	(2,817,343)
Adjustments related to the increase/decrease in inventories	11 (72,527,443)	(61,843,090)
Adjustments related to the increase/decrease in biological assets	12 727,589	(391,374)
Adjustments for increase / decrease in other receivables related to the operations	9 (47,691,608)	(50,095,045)
Prepaid expenses	13 2,173,102	(2,658,526)
Other Assets	14+21 (6,881,715)	(5,133,094)
Adjustments for increase / decrease in trade payables	7 28,916,891	24,398,852
Adjustments for increase / decrease in other payables related with operations	9-13-20 22,271,836	2,692,186
Change in investments valued by equity method	0 (6,940,159)	(12,282,402)
Other Cash Entrance / Disposal	22.3 (1,847,552)	139,412
<b>Cash flow provided by operating activities</b>		
Tax payments/returns	28 (6,487,101)	(167,246)
<b>B. NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>(32,434,035)</b>	<b>(39,218,628)</b>
Proceeds from sale of property, plant, equipment and intangible assets	16-17 520,341	922,222
Proceeds from purchase of property, plant, equipment and intangible assets	16-17 (32,954,376)	(40,105,943)
Change in minority interest	22.5 -	(34,907)
<b>C. NET CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES</b>	<b>94,707,913</b>	<b>129,210,592</b>
Cash inflows/outflows from financial liabilities	8 102,165,457	114,617,211
Cash outflows from finance leases	8 (134,867)	9,812,339
Loss/gain on derivative financial instruments	10-27 (7,322,677)	4,781,042
<b>BEFORE THE IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C)</b>	<b>23,981,359</b>	<b>5,247,395</b>
<b>D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>	<b>1,091,445</b>	<b>(350,084)</b>
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>25,072,804</b>	<b>4,897,311</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>	<b>59,971,644</b>	<b>41,140,313</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>85,044,448</b>	<b>46,037,624</b>

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

## **NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

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

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

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

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

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

(\*) Akça Enerji and Osman Akça Tarım Ürünleri has been included to the consolidation with the equity method.

### **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 Cumhuriyet Mah. Gazi Mustafa Kemal Bulvarı No: 242 Sarayköy, Denizli.

4,323 personnel are employed by the Company as of 30 September 2014, and average number of personnel is 4,170 for the period of 01.01-30.09.2014.

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

### **Production Capacity (Textile)**

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

<b>Products</b>	<b>Unit</b>	<b>Amount</b>
Cotton yarn (is used in its production)	kg	5,227,967
Raw fabric woven (is used in its production)	m <sup>2</sup>	59,151,060
Knitted Fabric (is used in its production)	kg	1,001,700
Linens	unit	4,200,000
Pillow case	unit	12,600,000
Sheet	unit	6,600,000
Fabric painting (is used in its production)	kg	3,744,000
Fabric printing (is used in its production)	kg	13,500,000
Digital fabric printing (is used in its production)	kg	1,311,786

### **Production Capacity (Energy)**

According to the capacity report from Denizli Industrial Chamber dated 29 January 2014, numbered 24 and valid until 30 January 2017, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day: The Company’s annual production capacity is as follows;

	<b>Unit</b>	<b>Amount</b>
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 June 2009, the Company’s name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has signed an agreement with the construction company for increasing the capacity of the plant which will be increased from 82,500 m<sup>2</sup> to 206,232 m<sup>2</sup> with adding 114,432 m<sup>2</sup>. Smyrna Seracılık A.Ş. has started to design environment and infrastructure of the new area. The new area will be constructed on the existing area, which is 196,932 m<sup>2</sup>, of Smyrna Seracılık Ticaret A.Ş.

According to the capacity report from Denizli Industrial Chamber dated 02 April 2012, numbered 80 Company’s production capacity has been calculated per 1 shifts and 8 working hours per day by main product is as follows;

<b>Product</b>	<b>Birim</b>	<b>Miktar</b>
Tomato	Ton	2,400
Quick-frozen tomato	Ton	684

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

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

As of 30 September 2014, 180 personnel are employed in the Company and the average number of personnel is 170 for the period of 01.01-30.09.2014.

**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.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Osman Akça Tarım Ürünleri İthalat İhracat San. Ve Tic. A.Ş. has been included to the consolidation with the equity method.

**Menderes Tekstil Pazarlama A.Ş.**

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in İzmir. Company engaged in marketing of home textile productions.

**Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.**

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. Company has integrated 20 established and 4 mobile vehicle inspection stations. License rights has been started in 2008 and will continue until 2028.

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

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 agricultural products and the dried fruit.

**Tan Elektrik Üretim A.Ş.**

Tan Elektrik Üretim A.Ş. was established in İzmir on 18 July 2006 as” MTT Elektrik Üretim A.Ş.” The company name was changed to “ Tan Elektrik Üretim A.Ş.” on 9 November 2006. Main activity of company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers.



## **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

### **2.a. Basis of Presentation**

#### **Compliance Statement**

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

#### **The Preparation of Financial Statements**

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

#### **Approval of Financial Statements**

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 07 November 2014. Boards of Directors have authority to change financial statements.

#### **Basis of consolidation**

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b><u>Ratio %</u></b>	<b><u>Ratio %</u></b>
Public Offered Shares	51.9	51.9
Akça Holding A.Ş.	45.7	45.7
Other	2.4	2.4
	<b>100.0</b>	<b>100.0</b>

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b><u>Ratio %</u></b>	<b><u>Ratio %</u></b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.0	48.0
Nihat Zeybekçi	49.5	49.5
Other	2.5	2.5
	<b>100.0</b>	<b>100.0</b>

As of report date, Group’s subsidiary Menderes Bulgaria Ltd. is in the process of liquidation and have been excluded from the scope of consolidation by the Group management.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD END 30 SEPTEMBER 2014**  
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

As of 30 September 2014 and 31 December 2013 capital structures of the subsidiaries and equity participations are as following:

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.2
Cemal İpekoğlu	-	20.4
Akça Holding A.Ş.	0.21	0.2
Ahmet Bilge Göksan	5.16	-
Rıza Akça	10.31	0.1
Dilek Göksan	5.16	0.1
Ali Atlamaz	-	<0.1
	<b>100.0</b>	<b>100.0</b>

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Tan Elektrik Üretim A.Ş.	45.71	45.71
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.00	20.0
Akça Holding A.Ş.	17.53	17.5
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	10.72	10.7
Selin Tekstil Sanayi Ticaret A.Ş.	5.55	5.6
Akçasaraylı Tekstil Ltd. Şti.	0.48	0.5
	<b>100.0</b>	<b>100.0</b>

Menderes Tekstil Pazarlama A.Ş. (Participation)

	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	45.0
Akça Holding A.Ş.	45.0	45.0
Rıza Akça	5.0	4.5
Dilek Göksan	2.5	4.5
Ahmet Bilge Göksan	2.5	1.0
	<b>100.0</b>	<b>100.0</b>

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

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

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

Recognition in light of equity method was made to operating results, assets and liabilities of associates in financial consolidated tables attached. In equity method the associatess in consolidated statement are stated after the amount obtained from decreasing any impairment occured in share from associates net assets value. Loss exceeding the Group’s associates share are not recorded. Additional loss reserve is only made when Group is exposed to legal or constructive obligation or payments made in name of associate or partner.

### **Reporting Currency**

As of 30 September 2014 and 31 December 2013, Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

### **Offsetting**

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

### **2.b. Changes in Accounting Policies**

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

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

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

### **2.c. Changes in Accounting Estimates and Errors**

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

### **2.d. Comparative Information and Previous Periods Adjustments**

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

## **2.e. Adoption of New and Revised International Financing Reporting Standards**

Accounting policies considered in preparation of condensed consolidated interim financial statements as of and for the six-month period ended 30 September 2014 have been applied consistently with those used in the previous year apart from IFRS standards that are effective as of 1 January 2014 and all interpretations published by Turkey Financial Reporting Interpretations Committee (“IFRYK”). Impacts of these standards and interpretations on the financial position or performance of the Group are explained in related paragraphs.

**The new standards, amendments and interpretations which will be effective after 1 January 2014 are as follows:**

### **Investment Enterprises (IFRS 10, IFRS 12 and IAS 27 changes)**

IFRS 10 is amended for entities that meet the definition of an investment entity to qualify for the consolidation exception. According to the amendment, financial assets of an investment entity should be measured at fair value under IFRS 9 Financial Instruments, or to the extent possible under IAS 39 Financial Instruments: Recognition and Measurement. The amendments had no significant impact on the financial position or performance of the Company.

### **IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments had no significant impact on the financial position or performance of the Company.

### **Amendments to IAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments had no significant impact on the financial position or performance of the Company.

### **IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (Amended)**

Amendments to IAS 39 Financial Instruments: Recognition and Measurement provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments had no significant impact on the financial position or performance of the Company.

### **TFRIC Interpretation 21 Levies**

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The Interpretation had no significant impact on the financial position or performance of the Company.

### **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 Company will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

#### **IFRS 9 Financial Instruments – Classification and Measurement**

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

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

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

#### **IFRS 9 Financial Instruments - Hedge Accounting and IFRS 9, IFRS 7 and IAS 39, the changes - IFRS 9 (2013)**

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. The new standard removes the 1 January 2015 effective date of IFRS 9. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

#### **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)**

The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014. Early application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

#### **IFRS 14 Regulatory Deferral Accounts**

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

#### **IFRS 15 Contracts with Customers**

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

#### **IAS 16 and IAS 38 can be Applied Depreciation and Amortization Methods for the sake of Clarity**

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

#### **IFRS11 Joint activities in the Accounting of the Shares Acquired**

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard’s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

## **2.f. Summary of Significant Accounting Policy**

### **Cash and Cash Equivalents**

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

Financial Investments:

#### Initial measurement of financial assets and financial liabilities

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

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

#### Subsequent measurement of financial assets

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

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

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

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

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

#### Held-to maturity investments:

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

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

Financial assets carried at cost:

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

Marketable securities

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

**Financial Borrowings**

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

**Trade Receivables and Payables**

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



### **Borrowing Costs**

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

### **Provision for Doubtful Receivables**

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

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

### **Inventories**

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

### **Biological Assets**

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

### **Property, Plant and Equipment**

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.

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

Economic useful lives of assets approximately are as follows:

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

### **Intangible Assets**

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 31 December 2004 for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

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

### **Leasing**

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

### **Impairment of Assets**

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

### **Provision Employee Benefits / Severance Pay**

#### **• Severance Pay**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 30 September 2014, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 3,438 (31 December 2013: TRY 3,255) per year of employment at the rate of pay applicable at the date of retirement.

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

#### **• Social Insurance Premium**

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

### **Taxes**

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

### **Accounting Estimates**

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

### **Provisions, Conditional Liabilities and Conditional Assets**

#### Provisions

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

#### Conditional liabilities and conditional assets

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

### **Investments Subject to Equity Pick-up Method**

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

### **Revenue**

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

#### *Sales of goods:*

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

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

#### *Rendering of services:*

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

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

#### *Interest income:*

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

#### *Dividend and other incomes:*

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

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

### **Leasing procedures**

#### *Operating lease as owner*

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

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

### **The Effects of Exchange Rates**

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

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

	30.09.2014	31.12.2013
USD	2.2789	2.1343
EUR	2.8914	2.9365
GBP	3.6933	3.5114

### **Derivative financial instruments and instruments to protect from risk**

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

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

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

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

### **Effects of Change in Currency Rate**

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

### **Earnings Per Share / (Loss)**

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

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

### **Other Balance Sheet Entries**

Other balance sheet entries are reflected with their book values.

### **Cash Flow Statement**

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

### **Subsequent Events**

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

### **Related Parties**

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

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

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

Details of related parties are as follows:

#### *Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.*

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

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

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

#### *Tan Elektrik Üretim A.Ş. "Tan Elektrik"*

Tan Elektrik Üretim A.Ş. was established in Izmir on 18 July 2006 as" MTT Elektrik Üretim A.Ş." The company name was changed to " Tan Elektrik Üretim A.Ş." on 9 November 2006. Main activity of company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD END 30 SEPTEMBER 2014**  
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

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*Akçamen Tekstil Sanayi ve Ticaret A.Ş. “Akçamen Tekstil”*

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

*Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. “Aksan Sigorta”*

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

*Selin Tekstil Sanayi ve Ticaret A.Ş. “Selin Tekstil”*

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

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

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

A Trademark Lease contract was made between Menderes Tekstil San. and Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. With this contract signed, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of mendereshome store-menderesstore-menderestore.

*Akça Holding A.Ş. “Akça Holding”*

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

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

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. was established in 4 September 2012 in Denizli. It is engaged in the production and sale of every kind of renewable energy (sun energy, wind energy, etc.).

**2.g Significant Accounting Judgments, Estimates and Assumptions**

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

**2.f. Segment Reporting of Results of Operations**

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

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**NOTE 3 – SEGMENT REPORTING**

30 September 2014	Textile Sector	Agricultural Sector	Elimination	Total
<b>ASSETS</b>			-	
Cash and Cash Equivalents	85,021,083	23,365	-	85,044,448
Financial Investments	11,691,283	-	-	11,691,283
Trade Receivables	56,430,120	262,903	-	56,693,023
Other Receivables	146,567,732	-	(14,328,446)	132,239,286
Derivative Financial Instruments	2,063,053	-	-	2,063,053
Inventories	212,962,132	552,197	-	213,514,329
Biological Assets	-	3,050,538	-	3,050,538
Prepaid Expenses	3,453,745	2,540	-	3,456,285
Current Taxes Assets	5,241,830	55,261	-	5,297,091
Other Current Assets	13,799,131	2,484,767	-	16,283,898
<b>Current Assets</b>	<b>537,230,109</b>	<b>6,431,571</b>	<b>(14,328,446)</b>	<b>529,333,234</b>
Other Receivables	17,941	3,126	-	21,067
Investments Valued With Equity Method	125,691,377	834,217	(9,500,000)	117,025,594
Tangible Assets	129,741,501	27,055,118	-	156,796,619
Intangible Assets	93,874	56	-	93,930
Prepaid Expenses	472,040	155,756	-	627,796
Deferred Tax Assets	9,008,413	531,530	(804,755)	8,735,188
<b>Non-Current Assets</b>	<b>265,025,146</b>	<b>28,579,803</b>	<b>(10,304,755)</b>	<b>283,300,194</b>
<b>TOTAL ASSETS</b>	<b>802,255,255</b>	<b>35,011,374</b>	<b>(24,633,201)</b>	<b>812,633,428</b>
<b>LIABILITIES</b>				
Short Term Borrowings	237,940,687	-	-	237,940,687
Current Installments of Long Term Borrowings	25,161,423	2,800,706	-	27,962,129
Trade Payables	100,587,260	1,190,681	-	101,777,941
Scope of Employee Benefits Liabilities	5,723,101	241,201	-	5,964,302
Other Payables	1,555,376	14,831,375	(14,328,446)	2,058,305
Derivative Financial Instruments	207,700	-	-	207,700
Deferred Incomes	29,438,465	-	-	29,438,465
Corporation Tax Liabilities	4,392,617	-	-	4,392,617
Short Term Provisions	532,704	-	-	532,704
<b>Short Term Liabilities</b>	<b>405,539,333</b>	<b>19,063,963</b>	<b>(14,328,446)</b>	<b>410,274,850</b>
Long Term Borrowings	65,091,955	7,001,765	-	72,093,720
Provisions For Employee Long Term Benefits Include	8,274,549	170,497	-	8,445,046
Deferred Tax Liabilities	705,494	806,809	(804,755)	707,548
<b>Long Term Liabilities</b>	<b>74,071,998</b>	<b>7,979,071</b>	<b>(804,755)</b>	<b>81,246,314</b>
Paid in Capital Share	250,000,000	12,000,000	(12,000,000)	250,000,000
Inflation Adjustments to Shareholders' Equity	485,133	-	-	485,133
Income (Expenses) Not To Be Reclassified On Profit Or Loss				
Actuarial Benefit / Loss of the Retirement Plans	(2,375,235)	-	-	(2,375,235)
Restricted Reserves	9,698,409	56,353	-	9,754,762
Retained Earnings / Losses	36,937,825	(556,588)	95,546	36,476,783
Net Profit / Loss for the Period	27,897,792	(3,531,425)	738,512	25,104,879
Minority Interest	-	-	1,665,942	1,665,942
<b>SHAREHOLDERS' EQUITY</b>	<b>322,643,924</b>	<b>7,968,340</b>	<b>(9,500,000)</b>	<b>321,112,264</b>
<b>TOTAL LIABILITIES</b>	<b>802,255,255</b>	<b>35,011,374</b>	<b>(24,633,201)</b>	<b>812,633,428</b>



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<b>30 September 2014</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Elimination</b>	<b>Total</b>
Revenues	438,622,210	9,083,344	-	447,705,554
Cost of Sales (-)	(378,890,282)	(8,009,676)	-	(386,899,958)
<b>GROSS PROFIT/LOSS</b>	<b>59,731,928</b>	<b>1,073,668</b>	-	<b>60,805,596</b>
General Administrative Expenses (-)	(4,211,808)	(359,679)	-	(4,571,487)
Marketing expenses (-)	(10,461,570)	(898,655)	-	(11,360,225)
Research and Development Expenses (-)	-	-	-	-
Other Operating Income	19,491,378	402,436	2,798	19,896,612
Other Operating Expenses (-)	(23,873,130)	(80,229)	-	(23,953,359)
<b>OPERATING PROFIT/LOSS</b>	<b>40,676,798</b>	<b>137,541</b>	<b>2,798</b>	<b>40,817,137</b>
Investing Activities Income	389,301	583	-	389,884
Investing Activities Expenses	(69,179)	-	-	(69,179)
Profit /Loss from the participations valued by Equity Method	8,855,942	(1,915,783)	-	6,940,159
<b>OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>49,852,862</b>	<b>(1,777,659)</b>	<b>2,798</b>	<b>48,078,001</b>
Financial Income (+)	38,502,145	155,731	(1,147,722)	37,510,154
Financial Expenses (-)	(54,142,970)	(1,458,368)	1,147,722	(54,453,616)
<b>CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX</b>	<b>34,212,037</b>	<b>(3,080,296)</b>	<b>2,798</b>	<b>31,134,539</b>
<b>Continuing Operations Tax Income/Expense</b>				
- Income/Expense Tax for the period	(4,392,617)	-	-	(4,392,617)
- Deferred Tax Income/Expense	(1,921,628)	(451,129)	-	(2,372,757)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>27,897,792</b>	<b>(3,531,425)</b>	<b>2,798</b>	<b>24,369,165</b>

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**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of 30 September 2014 and 31 December 2013 details of cash and cash equivalents are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Cash	7,250	6,474
Banks	85,001,141	59,860,042
Demand deposits	23,764,277	21,533,674
Time deposits	61,236,864	38,326,368
Interest accruals for banks	36,057	105,128
	<b>85,044,448</b>	<b>59,971,644</b>

As of 30.09.2014 and 31.12.2013, maturity schedule of time deposits in the cash and cash equivalents are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Within 1 month	61,037,560	32,104,500
1-3 month	199,304	6,221,868
	<b>61,236,864</b>	<b>38,326,368</b>

As of 30 September 2014, effective interest rates of time deposits in TRY and USD are 6.81% and 2.39% (31.12.2013: for TRY 6.44%, USD 2.35%)

As of 30 September 2014, average maturity date of time deposits is 29 days (31 December 2013: 39 days). As of 30.09.2014, time deposits consist of TRY 60,286,361 and USD 329,632 (TRY 751,199) (31.12.2013: TRY 32,122,751 and USD 2,906,628 (TRY 6,203,617)).

As of 30.09.2014, the blockage’s amount on the less than 3 months bank deposits of the Group TRY 15,000,000 on the borrowings are taken from Şekerbank T.A.Ş. (31.12.2013: USD 1,850,000 (TRY 3,948,455)).

**NOTE 5 – FINANCIAL INVESTMENTS**

**Short term financial investments**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Deposits with maturities over 3 months	11,583,041	4,515,300
Bank interest accruals	108,242	55,277
	<b>11,691,283</b>	<b>4,570,577</b>

As of 30 September 2014, the average maturity of time deposits are 205 days. (31.12.2013: 170). As of 30.09.2014, time deposit consist of TRY 199,304 and USD 5,082,733 (TRY 11,583,041) (31.12.2013: TRY 139,985 ve USD 2,050,000 (TRY 4,375,315)).

As of 30 September 2014, the blockage’s amount on the more than 3 months bank deposits of the Group is USD 3,900,000 (TRY 8,887,710) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2013: USD 2,050,000 (TRY 4,375,315)).

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**i) Due from / to related parties**

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	796,687	90,825
Menderes Tekstil Pazarlama A.Ş.	-	207,572
Rediscount	(17,072)	(764)
	<b>779,615</b>	<b>297,633</b>

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,616,643	753,608
Akça Holding A.Ş.	9,815	-
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	24,489	939
Rediscount	(20,129)	(5,958)
	<b>3,630,818</b>	<b>748,589</b>

**c) Due from shareholders (Note 9):**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	72,610,255	37,956,354
Akça Holding A.Ş.	-	5,954
	<b>72,610,255</b>	<b>37,962,308</b>

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	49,384,204	39,159,100
Tan Elektrik Üretim A.Ş.	4,184,568	10,364
	<b>53,568,772</b>	<b>39,169,464</b>

**e) Due to shareholders (Note 9):**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Rıza Akça	406,687	681,726
Ali Atlamaz	15,124	16,665
	<b>421,811</b>	<b>698,391</b>

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**f) Due to related parties (Note 9):**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	148,403
Akçamen Tekstil A.Ş.	61,673	65,744
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	75,550	314,749
	<b>137,223</b>	<b>528,896</b>

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
Menderes Tekstil Pazarlama A.Ş.	6,701,351	6,271,610
	<b>6,701,351</b>	<b>6,271,610</b>

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

**a) Sales to related parties (Note 23.1):**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Menderes Tekstil Pazarlama A.Ş.	55,442,303	46,358,332	18,626,246	13,658,487
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	184,616	106,842	122,659	106,842
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,800,210	939,366	918,392	651,069
Aktur Araç Muayene İstasyonları İşl. A.Ş.	21,700	14,200	-	6,600
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	216,502	-	216,502
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	92,070	-	92,070
Akça Holding A.Ş.	-	26,925	-	26,925
	<b>57,448,829</b>	<b>47,754,237</b>	<b>19,667,297</b>	<b>14,758,495</b>

**b) Purchases from related parties (Note 23.2):**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	335,600	428,600	113,000	108,000
Selin Tekstil Sanayi ve Ticaret A.Ş.	27,420,900	19,750,000	11,530,000	7,300,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	192,075	74,250	64,025	24,750
Akça Holding A.Ş.	33,288	48,881	14,812	15,559
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	1,159	-	1,159	-
	<b>27,983,022</b>	<b>20,301,731</b>	<b>11,722,996</b>	<b>7,448,309</b>

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

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

	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Members of the Board of Directors	1,804,633	831,955	763,215	295,194
	<b>1,804,633</b>	<b>831,955</b>	<b>763,215</b>	<b>295,194</b>

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

	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	166,227	137,277	107,762	55,677
Akça Holding A.Ş.	191,916	115,276	83,222	36,659
	<b>358,143</b>	<b>252,553</b>	<b>190,984</b>	<b>92,336</b>

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

	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Menderes Tekstil Pazarlama A.Ş.	8,100	7,650	2,700	2,550
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	21,015	19,800	7,005	6,600
Selin Tekstil Sanayi ve Ticaret A.Ş.	21,015	19,800	7,005	6,600
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	53,325	38,250	17,775	12,750
Akçamen Tekstil Sanayi Ticaret A.Ş.	6,750	6,750	2,250	2,250
	<b>110,205</b>	<b>92,250</b>	<b>36,735</b>	<b>30,750</b>

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

	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Menderes Tekstil Pazarlama A.Ş.	45,000	42,750	15,000	14,250
	<b>45,000</b>	<b>42,750</b>	<b>15,000</b>	<b>14,250</b>

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	6,763,343	18,317,008	4,764,314	11,344,485
	<b>6,763,343</b>	<b>18,317,008</b>	<b>4,764,314</b>	<b>11,344,485</b>

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	6,398,833	3,581,327	2,751,968	2,088,003
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	3,479,763	1,652,569	1,187,653	692,132
Tan Elektrik	120,373	3,790	87,639	2,401
	<b>9,998,969</b>	<b>5,237,686</b>	<b>4,027,260</b>	<b>2,782,536</b>

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	366	1,988,565	-	1,530,002
	<b>366</b>	<b>1,988,565</b>	<b>-</b>	<b>1,530,002</b>

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	126	1,227,853	-	394,213
Akça Holding A.Ş.	-	5,224	-	-
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	18,956	103,055	-	70,601
Menderes Tekstil Pazarlama A.Ş.	66,952	196,002	-	81,347
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	21,702	-	10,782
Akçamen Tekstil Sanayi Ticaret A.Ş.	5,328	4,927	1,697	1,969
Akça Solar	6,821	63,485	675	50,622
	<b>98,183</b>	<b>1,622,248</b>	<b>2,372</b>	<b>609,534</b>

**NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES**

**Short Term Trade Receivables**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Trade receivables	56,061,346	62,922,498
Cheques and notes	160,518	-
Unearned interest on trade receivables	(309,559)	(416,727)
Doubtful trade receivables	277,924	251,802
Provision for doubtful receivables (-)	(277,924)	(251,802)
Income accruals	1,103	2,440,338
<b>Trade Receivables From Third Parties</b>	<b>55,913,408</b>	<b>64,946,109</b>
Receivables from related parties (Note 6-i-a)	796,687	90,825
Receivables from related parties (Note 6-i-a)	-	207,572
Unearned interests on receivables from related parties	(17,072)	(764)
<b>Trade Receivables From Related Parties</b>	<b>779,615</b>	<b>297,633</b>
<b>Total Short-Term Trade Receivables</b>	<b>56,693,023</b>	<b>65,243,742</b>

As of 30.09.2014 and 31.12.2013, Group has TRY 950,000 guarantee given as a provision for receivables.

Maturity schedule of notes receivable as of 30.09.2014 and 31.12.2013 are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
1-30 days	104,485	67,623
31-60 days	-	75,949
61-90 days	56,033	-
121-150 days	-	32,000
151-180 days	-	32,000
	<b>160,518</b>	<b>207,572</b>

As of 30.09.2014 and 31.12.2013, movement of provision for doubtful receivables is as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Opening balance	251,802	212,837
Provision for the period	26,122	38,965
<b>Closing balance</b>	<b>277,924</b>	<b>251,802</b>

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**Short Term Trade Payables**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Trade payables	92,861,853	63,806,934
Unearned interests on trade payables	(831,405)	(816,370)
Notes payable	6,123,726	7,878,600
Unearned interests on notes payables	(41,038)	(71,779)
Expense accruals	36,037	26,899
<b>Trade Payables From Third Parties</b>	<b>98,149,173</b>	<b>70,824,284</b>
Due to related parties (Note 6-i-b)	3,631,111	754,547
Unearned interests on notes payables to related parties (Not 6-i-b)	(293)	(5,958)
<b>Trade Payables to Related Parties</b>	<b>3,630,818</b>	<b>748,589</b>
<b>Total short-term trade payables</b>	<b>101,779,991</b>	<b>71,572,873</b>

As of 30.09.2014, sureties were given amounting to USD 5,694,383 ( TRY 12,976,929) and EUR 1,024,992 (TRY 2,963,661) for trade payables of the Group by bank (31.12.2013: USD 1,366,619 (TRY 2,916,775) and EUR 854,908 (TRY 2,510,437)).

As of 30.09.2014 and 31.12.2013, maturity breakdown of notes payables are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
1 – 30 days	2,132,290	3,865,129
31 – 60 days	2,430,220	2,705,307
61 – 90 days	1,112,506	1,308,164
91 – 120 days	448,710	-
	<b>6,123,726</b>	<b>7,878,600</b>



**NOTE 8 – FINANCIAL BORROWINGS**

	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Short term financial borrowings:</b>		
TRY borrowings	1,035,191	719,189
USD borrowings	207,003,100	130,676,921
EUR borrowings	25,988,940	38,894,841
GBP borrowings	2,891,888	1,305,089
<b>Accrued interest of short term financial borrowings:</b>		
USD accrued interest of financial borrowings	852,112	401,926
EUR accrued interest of financial borrowings	169,456	175,489
<b>Short term financial borrowings</b>	<b>237,940,687</b>	<b>172,173,455</b>
<b>Current installments of long-term borrowings:</b>		
<b>Lease Payables:</b>		
USD lease payables, net	232,289	209,318
EUR lease payables, net	6,136,796	4,983,654
<b>Borrowings:</b>		
USD borrowings	18,051,130	10,278,181
EUR borrowings	2,800,706	5,322,109
<b>Accrued interest of long term financial borrowings:</b>		
TRY accrued interest of financial borrowings	137,525	-
USD accrued interest of financial borrowings	603,683	20,887
EUR accrued interest of financial borrowings	-	157,135
<b>Current installments of long-term borrowings</b>	<b>27,962,129</b>	<b>20,971,284</b>
<b>Long term lease payables:</b>		
USD lease payables, net	100,369	258,207
EUR lease payables, net	13,409,406	14,548,613
<b>Long term borrowings:</b>		
USD borrowings	10,909,018	6,385,373
EUR borrowings	47,674,927	19,866,237
<b>Long term financial borrowings</b>	<b>72,093,720</b>	<b>41,058,430</b>
<b>Total financial liabilities</b>	<b>337,996,536</b>	<b>234,203,169</b>

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As of 30.09.2014 and 31.12.2013, maturity analyses of borrowings and other financial borrowings are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Within 3 month	115,996,069	90,030,154
Between 3 - 12 months	141,774,886	97,166,176
Between 1 – 5 years	58,583,945	26,251,610
	<b>316,354,900</b>	<b>213,447,940</b>

As of 30.09.2014 and 31.12.2013, maturity schedule of long term bank borrowings are as following:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Between 1-2 years	13,709,724	11,707,482
Between 2-3 years	2,800,706	5,322,109
Between 3-4 years	1,400,353	5,322,109
Between 4-5 years	25,435,484	3,899,910
Between 5-6 years	15,237,678	-
	<b>58,583,945</b>	<b>26,251,610</b>

As of 30.09.2014, effective interest rates for USD, EUR and GBP bank loans are 3.53%, 4,01 % and 3.00%. (31.12.2013: USD-2.64%, EUR-3.74 % and GBP-3.80%).

As of 30.09.2014, the blockage’s amount on the bank deposits of the Group is TRY 15,000,000 and USD 3,900,000 (TRY 8,887,710) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2013: USD 3,900,000 (TRY 8,323,770)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 147,700,000 (TRY 336,593,530), EUR 21,000,000 (TRY 60,719,400) and TRY 73,170,000.

As of 30.09.2014 and 31.12.2013, details of financial leasing borrowings of group are as follows:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Short term lease payables	7,116,577	5,949,073
Cost of deferred lease payables (-)	(747,492)	(756,101)
	<b>6,369,085</b>	<b>5,192,972</b>

	<b>30.09.2014</b>	<b>31.12.2013</b>
Long term lease payables	14,278,251	15,897,372
Cost of deferred lease payables (-)	(768,476)	(1,090,552)
	<b>13,509,775</b>	<b>14,806,820</b>

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As of 30 September 2014, maturity schedule of repayment of lease payables are as following:

	<b>Lease Payables</b>	<b>Cost of deferred lease payables</b>	<b>Total liabilities</b>
Between 0 – 1 years	7,116,577	(747,492)	6,369,085
Between 1 – 2 years	6,277,368	(470,908)	5,806,460
Between 2 – 3 years	4,969,307	(229,820)	4,739,487
Between 3 – 4 years	2,741,260	(64,715)	2,676,545
Between 4 – 5 years	290,316	(3,033)	287,283
	<b>21,394,828</b>	<b>(1,515,968)</b>	<b>19,878,860</b>

As of 31 December 2013, maturity schedule of repayment of lease payables are as following:

	<b>Lease Payables</b>	<b>Cost of deferred lease payables</b>	<b>Total liabilities</b>
Between 0 – 1 years	5,949,073	(756,101)	5,192,972
Between 1 – 2 years	5,303,713	(531,534)	4,772,179
Between 2 – 3 years	4,444,791	(341,764)	4,103,027
Between 3 – 4 years	4,091,573	(177,113)	3,914,460
Between 4 – 5 years	1,963,601	(39,186)	1,924,415
Between 5 – 6 years	93,694	(955)	92,739
	<b>21,846,445</b>	<b>(1,846,653)</b>	<b>19,999,792</b>

**NOTE 9 – OTHER RECEIVABLES AND PAYABLES**

**Other Current Receivables**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Deposit and guarantees given	91,375	250,918
VAT return receivables	5,965,643	4,249,319
Sundry debtors	3,241	2,922,042
<b>Other Receivables from Third Parties</b>	<b>6,060,259</b>	<b>7,422,279</b>
Due from shareholders (Note 6-i-d)	72,610,255	37,962,308
Due from related parties (Note 6-i-c)	53,568,772	39,169,464
<b>Other Receivables from Related Parties</b>	<b>126,179,027</b>	<b>77,131,772</b>
	<b>132,239,286</b>	<b>84,554,051</b>

As of 30 September 2014, non-trade receivables from related parties comprise 23.84% of total current assets and 15.53% of total assets. (As of 31 December 2013, it composes 20.26% of the total current assets and 12.09% of total assets).

**Other Non-Current Receivables**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Deposits and guarantees given	21,067	14,694
	<b>21,067</b>	<b>14,694</b>

**Other Current Payables**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Deposit and guarantees received	6,000	6,000
Taxes and funds payables	1,491,221	991,018
Sundry payables	-	1,949
<b>Other Payables from Third Parties</b>	<b>1,497,221</b>	<b>998,967</b>
Due to shareholders (Note 37-i-e)	421,811	698,391
Due to related parties (Note 37-i-f)	137,223	528,896
<b>Other Payables from Related Parties</b>	<b>559,034</b>	<b>1,227,287</b>
	<b>2,056,255</b>	<b>2,226,254</b>

**NOTE 10 – DERRIVATIVE INSTRUMENTS**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Income accrual of forward exchange	2,063,053	696,738
	<b>2,063,053</b>	<b>696,738</b>
	<b>30.09.2014</b>	<b>31.12.2013</b>
Expense accrual of forward exchange	207,700	6,164,062
	<b>207,700</b>	<b>6,164,062</b>

**NOTE 11 – INVENTORIES**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Raw materials	84,811,340	69,988,059
Work in progress	73,940,892	41,578,636
Finished goods	53,388,587	28,629,984
Merchandises	175,772	226,208
Other inventories	1,197,738	563,999
	<b>213,514,329</b>	<b>140,986,886</b>

The Group’s all inventories are insured.

**NOTE 12 – BIOLOGICAL ASSETS**

**Current biological assets**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Biological assets (tomato)	3,050,538	3,778,127
	<b>3,050,538</b>	<b>3,778,127</b>

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

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**NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME**

**Short term prepaid expenses**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Order advances given	2,644,959	3,148,319
Prepaid expenses	802,012	507,645
Advances given for business purposes	9,314	-
	<b>3,456,285</b>	<b>3,655,964</b>

**Long term prepaid expenses**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Advances given for purchases of tangible assets	483,486	2,456,908
Prepaid expenses	144,310	144,311
	<b>627,796</b>	<b>2,601,219</b>

**Short term deferred income**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Advances received	29,438,465	9,547,867
	<b>29,438,465</b>	<b>9,547,867</b>

**NOTE 14 – CURRENT PERIOD TAX INCOME ASSET**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Prepaid taxes and funds	5,297,091	5,815,114
	<b>5,297,091</b>	<b>5,815,114</b>

**NOTE 15 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD**

As of 30.09.2014 and 31.12.2013, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., Menderes Tekstil Pazarlama A.Ş., Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and Tan Elektrik Üretim A.Ş. are held subject to equity pick-up method by the Group, with rate of 20%, 45%, 48% and 21% respectively:

	<b>30.09.2014</b>	<b>Share (%)</b>	<b>31.12.2013</b>	<b>Share (%)</b>
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	1,903,701	%20	2,627,460	%20
Menderes Tekstil Pazarlama A.Ş.	10,665,767	%45	10,390,720	%45
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	103,621,909	%48	94,317,255	%48
Tan Elektrik Üretim A.Ş.	834,217	%21	2,750,000	%21
	<b>117,025,594</b>		<b>110,085,435</b>	

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The total assets, liabilities and owner’s equity of the investments which are evaluated by the help of the equity pick up method with the summary income statement related to the periods ended 30.09.2014 and 31.12.2013 are as follows

*Akça Enerji Üretim Otoprodüktör Grubu A.Ş.*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Current Assets	18,311,538	12,326,427
Non-current Assets	67,890,368	44,992,402
<b>Total Assets</b>	<b>86,201,906</b>	<b>57,318,829</b>
Current liabilities	54,267,344	43,910,762
Non-current liabilities	22,416,057	270,769
Shareholders’ Equity	9,518,505	13,137,298
<b>Total Equities</b>	<b>86,201,906</b>	<b>57,318,829</b>
Sales, net	199,772	387,145
Cost of sales, net	(145,539)	(305,140)
Net profit / (loss)	(3,609,788)	(7,192,449)

*Menderes Tekstil Pazarlama A.Ş.*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Current Assets	18,655,367	15,789,992
Non-current Assets	6,568,944	5,166,250
<b>Total Assets</b>	<b>25,224,311</b>	<b>20,956,242</b>
Current liabilities	1,348,862	690,545
Non-current liabilities	173,744	106,936
Shareholders’ equity	23,701,705	20,158,761
<b>Total Equities</b>	<b>25,224,311</b>	<b>20,956,242</b>
Sales, net	58,606,043	54,661,428
Cost of sales, net	(52,865,042)	(51,937,046)
Net profit / (loss)	711,429	1,844,044

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*Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Current Assets	32,078,767	40,658,792
Non-current Assets	330,734,709	320,064,863
<b>Total Assets</b>	<b>362,813,476</b>	<b>360,723,655</b>
Current liabilities	24,833,018	29,282,961
Non-current liabilities	122,098,638	120,848,480
Shareholders' equity	215,881,820	210,592,214
<b>Total Equities</b>	<b>362,813,476</b>	<b>360,723,655</b>
Sales, net	151,434,488	186,256,433
Cost of sales, net	(127,337,279)	(156,873,508)
Net profit / (loss)	22,288,779	32,480,159

*Tan Elektrik Üretim A.Ş.*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Current Assets	962,052	106,006
Non-current Assets	37,662,752	19,071,566
<b>Total Assets</b>	<b>38,624,804</b>	<b>19,177,572</b>
Current liabilities	33,659,366	6,222,982
Non-current liabilities	992,977	6,012
Shareholders' equity	3,972,461	12,948,578
<b>Total Equities</b>	<b>38,624,804</b>	<b>19,177,572</b>
Sales, net	--	--
Cost of sales, net	--	--
Net profit / (loss)	(8,976,117)	71,355



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**NOTE 16 – TANGIBLE FIXES ASSETS**

<b>Cost</b>	<b>Land and land improvements</b>	<b>Buildings</b>	<b>Property, plant and equipment</b>	<b>Vehicles</b>	<b>Fixtures and fittings</b>	<b>Construction in progress</b>	<b>Total</b>
<b>01 January 2013 Opening</b>	12,520,203	49,883,719	198,939,322	1,199,613	6,295,466	17,377,899	286,216,222
Additions	231,718	85,750	25,359,313	812,205	969,211	29,373,484	56,831,681
Disposals	-	-	(10,965,199)	(153,229)	(3,715,380)	-	(14,833,808)
Transfers	16,848,306	4,926,825	21,639,753	-	330,303	(43,745,187)	-
<b>31 December 2013 closing balance</b>	<b>29,600,227</b>	<b>54,896,294</b>	<b>234,973,189</b>	<b>1,858,589</b>	<b>3,879,600</b>	<b>3,006,196</b>	<b>328,214,095</b>
Additions	5,077	2,750	6,161,111	92,834	2,117,686	24,573,428	32,952,886
Disposals	-	-	(2,336,338)	(451,226)	(6,060)	-	(2,793,624)
Transfers	-	2,701,537	8,937,493	-	423,515	(12,062,545)	-
<b>30 September 2014 closing balance</b>	<b>29,605,304</b>	<b>57,600,581</b>	<b>247,735,455</b>	<b>1,500,197</b>	<b>6,414,741</b>	<b>15,517,079</b>	<b>358,373,357</b>
<b>Accumulated depreciation</b>							
<b>1 January 2013 Opening balance</b>	2,164,965	12,969,568	176,790,327	563,574	4,905,613	-	197,394,047
Additions	633,673	1,033,222	8,195,772	185,392	389,486	-	10,437,545
Disposals	-	-	(10,039,311)	(153,229)	(3,695,019)	-	(13,887,559)
<b>31 December 2013 closing balance</b>	<b>2,798,638</b>	<b>14,002,790</b>	<b>174,946,788</b>	<b>595,737</b>	<b>1,600,080</b>	<b>-</b>	<b>193,944,033</b>
Additions	1,509,223	847,671	8,521,233	211,599	477,804	-	11,567,530
Foreign Currency Conversion Differences	-	-	(1,653,097)	-	-	-	(1,653,297)
Disposals	-	-	(2,074,727)	(206,900)	(101)	-	(2,281,728)
<b>30 September 2014 closing balance</b>	<b>4,307,861</b>	<b>14,850,461</b>	<b>179,740,197</b>	<b>600,436</b>	<b>2,077,783</b>	<b>-</b>	<b>201,576,738</b>
<b>31.12.2013, Net Book Value</b>	<b>26,801,589</b>	<b>40,893,504</b>	<b>60,026,401</b>	<b>1,262,852</b>	<b>2,279,520</b>	<b>3,006,196</b>	<b>134,270,062</b>
<b>30.09.2014, Net Book Value</b>	<b>25,297,443</b>	<b>42,750,120</b>	<b>67,995,258</b>	<b>899,761</b>	<b>4,336,958</b>	<b>15,517,079</b>	<b>156,796,619</b>

As of 30 September 2014, the depreciation expense of tangible fixed assets for the period is TRY 11,567,530 (31 December 2013: TRY 10,437,545).

As of 31 30 September 2014, fixed assets are insured for TRY 147,389,873 and EUR 3,566,000 (TRY 10,310,732) (31 December 2013: TRY 146,069,254, USD 344,393 (TRY 735,038), EUR 7,931,080 (TRY 23,289,616)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 147,700,000 (TRY 336,593,530), EUR 21,000,000 (TRY 60,719,400) and TRY 73,170,000.

**NOTE 17 – INTANGIBLE ASSETS**

<b>Cost</b>	<b>Rights</b>	<b>Research and developmen t expenses</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>01 January 2013 Opening</b>	27,720	163,323	539,345	730,388
Additions	-	188,109	83,574	271,683
Disposals	-	(351,432)	(325,363)	(676,795)
31 December 2013 closing balance	27,720	-	297,556	325,276
Additions	1,490	-	-	1,490
Disposals	-	-	(10,000)	(10,000)
30 September 2014 closing balance	29,210	-	287,556	316,766
<b>Accumulated depreciation</b>				
<b>1 January 2013 Opening balance</b>	6,797	2,732	297,967	307,496
Additions	9,350	-	96,428	105,778
Disposals	-	(2,732)	(251,926)	(254,658)
31 December 2013 closing balance	16,147	-	142,469	158,616
Additions	7,169	-	58,606	65,775
Disposals	(583)	-	(972)	(1,555)
30 September 2014 closing balance	22,733	-	200,103	222,836
<b>31.12.2013, Net Book Value</b>	<b>11,573</b>	<b>-</b>	<b>155,087</b>	<b>166,660</b>
<b>30.09.2014, Net Book Value</b>	<b>6,477</b>	<b>-</b>	<b>87,453</b>	<b>93,930</b>

As of 30 September 2014, the amortization expense of intangible fixed assets for the period is TRY 65,775 (31 December 2013: TRY 105,778).

**NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

As of 30.09.2014 and 31.12.2013 the Group's guarantee / pledge / mortgage position are as following:

<b>Guarantees, security and mortgage (GSM) given by the Group</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
A. Total Amount of GSM given on behalf of legal entity	813,010,369	542,344,590
B. Total Amount of GSM given for partnerships which included in full consolidation	11,460	11,460
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Company</i>	35,812,914	211,295,700
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	34,033,414	207,167,080
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
<b>Total</b>	<b>882,868,157</b>	<b>960,818,830</b>

As of 30 September 2014, ratio which is other GSM given by the Group over its equity is 22% (31.12.2013: 140%).

Group has given joint and collective guarantee at most USD 5,565,586 (TRY 12,683,414) for the financial leasing agreement signed between Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and İş Finansal Kiralama A.Ş (31 December 2013: USD 5,565,586 (TRY 11,878,630))

The sum of loans guaranteed bail by the Group in favor of relevant institutions is TRY 21,350,000. (31 December 2013: USD 91,500,000 (TRY 195,288,450)). Loans Granted bail amount is USD 15,715,000 (TRY 35,812,914) these are from relevant institutions that is the Group is a party related to credit agreements. (31.12.2013: 99,000,000 USD (TRY 211,295,700)).

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As of 30 September 2014, details of the commitments are as following:

	FX type	FX amount	FX rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	71,570,000	1.0000	71,570,000
Türkiye Vakıflar Bankası T.A.O	USD	147,700,000	2.2789	336,593,530
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	21,000,000	2.8914	60,719,400
				<b>470,482,930</b>

Total amount of mortgage on lands and buildings of the company given to financial institutions is USD 147,700,000 (TRY 336,593,530 ), EUR 21,000,000 (TRY 60,719,400) and TRY 73,170,000.

Bank Details of Guarantee Letters Given	FX type	Fx amount	Fx rate	Amount
Electricity Distribution Company	TRY	1,034,111	1.0000	1,034,111
Tax Office	TRY	71,250	1.0000	71,250
Custom Office	TRY	5,734,506	1.0000	5,734,506
Credit Guarantee	USD	1,115,000	2.2789	2,540,974
Other	TRY	1,847,806	1.0000	1,847,806
				<b>11,228,647</b>

Bank Details of Guarantee Letters Given	FX type	Fx amount	Fx rate	Amount
Türkiye Vakıflar Bankası T.A.O.	TRY	5,895,299	1.0000	5,895,299
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Alternatifbank A.Ş.	TRY	854,400	1.0000	854,400
Tekstilbankası A.Ş.	TRY	11,460	1.0000	11,460
Halk Bank A.Ş.	TRY	922,612	1.0000	922,612
Akbank Denizli Ticaret Şubesi	TRY	945,902	1.0000	945,902
Türkiye Finans Katılım Bankası A.Ş.	USD	1,115,000	2.2789	2,540,974
				<b>11,228,647</b>

As of 30.09.2014, bank has given guarantees for trade payables of USD 5,694,383 (TRY 12,976,929) and EUR 1,024,992 (TRY 2,963,661) (31.12.2013: USD 1,366,619 (TRY 2,916,775) and EUR 854,908 (TRY 2,510,437)).

As of 30.09.2014, Group has deposit blockage within 3 months amount of and TRY 15,000,000 for bank loans used from Şekerbank T.A.Ş. (31.12.2013: USD 1,850,000 (TRY 3,948,455)).

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General Borrowing Contracts:	FX Type	FX Amount	FX Rate	TRY Equivalent
ING Bank A.Ş.	TRY	7,000,000	1.0000	7,000,000
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Odea Bank A.Ş.	TRY	7,000,000	1.0000	7,000,000
Vakıfbank A.Ş.	TRY	21,100,000	1.0000	21,100,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Şekerbank A.Ş.	USD	20,000,000	2.2789	45,578,000
Tekstilbank	USD	3,490,000	2.2789	7,953,361
Vakıfbank A.Ş.	USD	5,200,000	2.2789	11,850,280
Alternatif Bank A.Ş.	USD	6,000,000	2.2789	13,673,400
Denizbank A.Ş.	USD	9,000,000	2.2789	20,510,100
Eximbank A.Ş.	USD	25,000,000	2.2789	56,972,500
				<b>229,637,641</b>

Guarantee Checks Given	Bank Name	FX type	FX amount	FX rate	TRY equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	4,190,400	2.2789	9,549,503
					<b>9,549,503</b>

Guarantee Notes Given	FX type	FX amount	FX rate	TRY equivalent
Eximbank	USD	749,375	2.2789	1,707,751
				<b>1,707,751</b>

Bond	Bank Name	FX type	FX amount	FX rate	TRY equivalent
Türk Eximbank	T. Vakıflar Bankası T.A.O.	USD	23,500,000	2.2789	53,554,150
Türk Eximbank	Denizbank A.Ş.	USD	2,000,000	2.2789	4,557,800
Türk Eximbank	Şekerbank T.A.Ş.	USD	5,250,000	2.2789	11,964,225
Türk Eximbank	Finansbank A.Ş.	USD	1,000,000	2.2789	2,278,900
Türk Eximbank	Halkbank A.Ş.	USD	4,025,000	2.2789	9,172,573
Türk Eximbank	Alternatif Bank A.Ş.	USD	1,000,000	2.2789	2,278,900
Türk Eximbank	T. Finans Katılım Bankası A.Ş.	USD	1,400,000	2.2789	3,190,460
Türk Eximbank	Odea Bank	USD	750,000	2.2789	1,709,175
Türk Eximbank	Turkland Bank	USD	750,000	2.2789	1,709,175
					<b>90,415,358</b>

Guarantee Letters Received	Bank Name	FX Type	FX Amount
İtimat Manifatura	Kuveyt Türk Katılım Bankası	TRY	200,000
İtimat Manifatura	Türkiye Finans Katılım Bankası A.Ş.	TRY	750,000
			<b>950,000</b>

**NOTE 19 – SHORT TERM PROVISIONS**

**Other short term provisions**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Provision for the court cases	532,704	356,325
	<b>532,704</b>	<b>356,325</b>

**Provisions for Employee Benefits**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Provision for severance pay	8,445,046	6,392,684
	<b>8,445,046</b>	<b>6,392,684</b>

For the period 01 January – 30 September 2014, average personnel number including subcontractors employed by the Group is 4,574.

The rate of retirement probability used is 98%.

For the period ended at 30.09.2014 and 31.12.2013, the movement schedule of severance pay provision is as following;

	<b>30.09.2014</b>	<b>31.12.2013</b>
Balance of 1 January	6,392,684	5,667,560
Increase in the period	591,617	3,074,348
Interest cost	702,295	306,543
Payments	(1,811,743)	(3,053,313)
Actuarial profit/(loss)	2,570,193	397,546
<b>Balance at the end of the period</b>	<b>8,445,046</b>	<b>6,392,684</b>

**NOTE 20 – EMPLOYEE BENEFITS LIABILITIES**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Due to personnel	4,386,051	2,557,956
Social security deductions payable	1,578,251	855,109
	<b>5,964,302</b>	<b>3,413,065</b>

**NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES**

**Other current assets**

	<b>30.09.2014</b>	<b>31.12.2013</b>
VAT carried forward	16,283,898	11,518,344
	<b>16,283,898</b>	<b>11,518,344</b>

**NOTE 22 – SHARE CAPITAL**

**22.1 Paid in Capital**

As of 30 September 2014, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 1 nominally (31 December 2013: 250,000,000 units).

As of 30 September 2014 and 31 December 2013, Group’s paid in capital is as follows:

Shareholders:	30.09.2014		31.12.2013	
	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	51.93%	129,828,520	51.93%	129,828,520
Akça Holding A.Ş.	45.68%	114,208,053	45.68%	114,208,053
Other	2.39%	5,963,427	2.39%	5,963,427
<b>Total</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>	<b>250,000,000</b>

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

As of 20.01.2012 Group has decided to increase their capital from TRY 225,000,000 to TRY 250,000,000.

**22.2 Capital Adjustment Differences**

	30.09.2014	31.12.2013
Inflation adjustment difference in capital	485,133	485,133
	<b>485,133</b>	<b>485,133</b>

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

**22.3.1 Actuarial Benefit/ (Loss) of the Retirement Plans**

	30.09.2014	31.12.2013
Actuarial benefit/ (loss) of the retirement plans	(2,375,235)	(319,081)
	<b>(2,375,235)</b>	<b>(319,081)</b>

**22.4 Comprehensive Income (Expenses) to be reclassified on Profit or Loss**

**22.4.1 Foreign Currency Translation Differences**

	30.09.2014	31.12.2013
Foreign Currency Translation Differences	-	(1,091,445)
	-	<b>(1,091,445)</b>

## **22.5 Restricted Reserves**

	<b>30.09.2014</b>	<b>31.12.2013</b>
Legal reserves	9,754,762	8,507,915
	<b>9,754,762</b>	<b>8,507,915</b>

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.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

It was announced in the CMB decision dated January 9, 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company’s financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

In accordance with the CMB decision dated January 27, 2010, it’s decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. However, in case inflation adjustment to shareholders' equity is used on cash profit distribution, it will be subject to corporation tax.

## **22.6 Retained Earnings / Losses**

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



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

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

**22.7 Minority Interest**

<b>30 September 2014</b>	<b>Total Shareholders’ Equity</b>	<b>Profit/(Loss) of the Period</b>	<b>Parent Company Share</b>	<b>Minority Interest</b>	<b>Minority part of Shareholders’ Equity</b>	<b>Minority part of Profit/(Loss)</b>
Smryna	11,528,944	(3,531,425)	79%	21%	1,660,070	(735,714)
					<b>1,660,070</b>	
<b>31 December 2013</b>	<b>Total Shareholders’ Equity</b>	<b>Profit/(Loss) of the Period</b>	<b>Parent Company Share</b>	<b>Minority Interest</b>	<b>Minority part of Shareholders’ Equity</b>	<b>Minority part of Profit/(Loss)</b>
Menderes Bulgaria	(2,583,924)	-	%90	%10	(258,392)	-
Smryna	11,911,935	(370,561)	%79	%21	2,404,454	(77,200)
					<b>2,146,062</b>	

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**NOTE 23 – SALES AND COST OF SALES**

**23.1 Sales**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Domestic sales	102,748,496	72,234,559	26,492,433	24,515,010
Export sales	344,623,625	256,017,960	165,141,242	132,776,894
Other sales	1,034,218	562,436	644,187	69,772
	<b>448,406,339</b>	<b>328,814,955</b>	<b>192,277,862</b>	<b>157,361,676</b>
Sales returns	(700,785)	(5,616,960)	(564,794)	(1,706,670)
Sales discounts	-	(27,156)	-	(1,524)
<b>Sales Income, (net)</b>	<b>447,705,554</b>	<b>323,170,839</b>	<b>191,713,068</b>	<b>155,653,482</b>

**23.2 Cost of Sales**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Direct material cost	340,387,870	244,197,106	115,703,571	94,065,931
Direct labor cost	64,039,690	44,447,680	26,120,228	16,249,862
General production overheads	14,789,333	9,602,385	5,455,678	3,751,120
Depreciation expenses	9,249,844	6,393,708	3,348,030	2,258,992
<u>Change in semi-finished goods</u>				
1. Beginning inventory (+)	41,578,636	40,051,875	-	-
2. Ending inventory (-)	(73,940,892)	(44,367,907)	5,236,628	5,216,239
Cost of finished goods produced	396,104,481	300,324,847	155,864,135	121,542,144
<u>Change in finished goods inventory</u>				
1. Beginning inventory (+)	28,629,984	11,551,256	-	-
2. Ending inventory (-)	(53,388,587)	(43,790,103)	23,151,715	3,419,927
Cost of finished goods sold	371,345,878	268,086,000	179,015,850	124,962,071
<u>Cost of merchandise</u>				
1. Beginning Merchandise Inventory (+)	226,208	255,339	-	-
2. Purchases During the Period (+)	7,026,439	7,739,791	1,039,227	3,249,258
3. Ending Merchandise Inventory (-)	(175,772)	(296,590)	(150,962)	(135,767)
Cost of merchandise sold	7,076,875	7,698,540	888,265	3,113,491
Cost of other service rendered	536,246	865,685	-	79
Cost of biological assets	6,277,973	3,101,931	782,825	173,502
Depreciation of biological assets	1,662,986	480,560	555,738	163,934
<b>Cost of sales, net</b>	<b>386,899,958</b>	<b>280,232,716</b>	<b>181,242,678</b>	<b>128,413,077</b>

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As of 01 January – 30 September 2014 and 2013, for each main sales group, quantities of goods and services:

	Unit	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Yarn	Kg	3,654,253	798,017	736,720	440,171
Raw clothing	M <sup>2</sup>	17,197	-	570	-
Finishing cloth	M <sup>2</sup>	16,292,818	19,177,203	4,908,615	5,265,437
Lining	M <sup>2</sup>	18,163,302	18,350,073	5,572,159	6,018,578
Linens, sheets, curtains, pillows	Unit	13,843,973	12,251,920	6,700,099	5,580,809
Electricity	KWH	510,890	1,321,394	203,020	382,911
Cotton waste	Kg	551,020	653,561	197,720	115,920
Piece of cloth	Kg	3,604,575	3,029,930	1,449,775	1,215,970
Cotton cloth	Kg	924,940	834,715	290,400	303,000
Textile trash powder	Kg	59,420	72,360	10,980	10,160
Tomato	Kg	3,712,074	1,533,322	-	73,600

As of 01 January – 30 September 2014 and 2013, for each main production group, quantities of goods and services:

	Unit	01.01.- 30.09.2014	01.01.- 30.09.2013	01.07.- 30.09.2014	01.07.- 30.09.2013
Yarn	Kg	9,908,193	6,818,936	3,429,001	2,590,102
Raw clothing	M <sup>2</sup>	99,663,367	90,257,174	30,404,153	33,521,411
Finishing cloth	M <sup>2</sup>	160,181,163	138,685,829	62,171,759	53,547,780
Lining	M <sup>2</sup>	18,410,866	18,356,281	5,042,138	4,476,171
Linens, sheets, curtains, pillows	Unit	14,427,338	13,114,461	5,756,020	5,480,146
Electricity	KWH	58,799,169	61,024,570	23,178,107	20,544,209
Cotton waste	Kg	563,116	653,561	193,721	169,579
Piece of cloth	Kg	4,756,435	3,747,525	2,351,965	1,775,377
Cotton cloth	Kg	952,030	834,715	325,972	303,000
Textile trash powder	Kg	59,420	72,360	10,980	10,160
Tomato	Kg	3,712,074	1,533,322	-	73,600

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Marketing, sales and distribution expenses	11,360,225	7,595,604	4,408,830	3,109,078
General administrative expenses	4,571,487	5,435,559	1,573,895	1,881,511
	<b>15,931,712</b>	<b>13,031,163</b>	<b>5,982,725</b>	<b>4,990,589</b>

**24.1 Marketing, sales and distribution expenses:**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Personnel expenses	3,713,386	1,895,238	1,618,950	692,019
Export expenses	5,209,796	5,120,672	1,647,474	2,164,319
Transportation of domestic sale	1,212,712	361,686	765,438	161,096
Depreciation expenses	19,138	33,900	6,121	12,039
Other expenses	1,205,193	184,108	370,847	79,605
	<b>11,360,225</b>	<b>7,595,604</b>	<b>4,408,830</b>	<b>3,109,078</b>

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**24.2 General administrative expenses:**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Personnel expenses	246,900	52,875	26,091	3,375
Insurance expenses	580,637	512,076	202,646	199,264
Representation and accommodation expenses	143,106	98,253	59,615	39,418
Communication expenses	94,857	92,467	31,401	31,726
Rent expenses	7,150	153,904	2,330	54,186
Education and consultancy expenses	164,674	121,571	45,849	67,981
General administrative material consumption	207,430	176,406	55,560	66,085
Capital market expenses	62,500	62,500	-	-
Repair and maintenance expenses	618	64,229	116	19,498
Traveling expenses	257,027	344,285	73,138	160,832
Chamber fee expenses	7,544	18,990	-	2,238
Tax and duty expenses	464,476	347,452	87,024	56,352
Shares in holding cost (*)	191,916	115,276	83,222	36,659
Notary and insurance expenses	20,467	18,211	9,913	3,906
Aid and donation expenses	87,898	402,362	24,355	102,405
Audit and consulting expenses	161,996	235,420	84,535	81,234
Electricity expenses	232,191	210,296	81,482	73,492
Lawsuit expenses and provisions	144,895	310,286	582	-
Severance pay provision expenses	41,473	865,676	26,184	422,078
Doubtful receivable provisions	26,122	38,965	-	(26,275)
Depreciation expenses	701,337	890,375	161,354	407,393
Rent office expenses	31,500	31,500	10,500	10,500
Other expenses	694,773	272,184	507,998	69,164
	<b>4,571,487</b>	<b>5,435,559</b>	<b>1,573,895</b>	<b>1,881,511</b>

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

**NOTE 25 – INCOME/ EXPENSE FROM OTHER OPERATIONS**

**25.1 Income From Other Operations**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Reversal of unnecessary provision	1,264,756	-	494,272	-
Foreign exchange gain	14,383,948	4,159,811	7,316,391	2,752,605
Discount income / expenses on trade payables, net	1,290,227	1,101,552	(13,404)	267,434
Prior period income and profit	105,330	194,556	-	-
SGK Incentive Income	2,016,888	723,089	773,271	-
Other income and profit (*)	835,463	1,151,149	366,219	984,587
	<b>19,896,612</b>	<b>7,330,157</b>	<b>8,936,749</b>	<b>4,004,626</b>

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**25.2 Other Operating Expenses (-)**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Commissions expenses	(15,743,835)	(13,526,929)	(7,958,385)	(7,484,257)
Foreign exchange losses	(6,813,500)	(1,316,033)	(2,680,614)	(387,620)
Discount income / expenses on trade receivables	(1,220,738)	(688,256)	(49,980)	(188,331)
Other expenses and losses	(175,286)	(247)	(4)	(14,712)
	<b>(23,953,359)</b>	<b>(15,531,465)</b>	<b>(10,688,983)</b>	<b>(8,074,920)</b>

**NOTE 26 – INVESTMENT ACTIVITIES INCOME/(EXPENSE)**

**26.1 Investment Activities Income**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Rent income	-	194,038	-	72,092
Profit on sale of fixed assets	389,884	626,125	208,664	175,443
	<b>389,884</b>	<b>820,163</b>	<b>208,664</b>	<b>247,535</b>

**26.2 Investment Activity Expense**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Losses on sale of fixed assets	(69,179)	-	(64,679)	-
	<b>(69,179)</b>	<b>-</b>	<b>(64,679)</b>	<b>-</b>

**26.3 Profit / Loss From Investments Evaluated by Equity Method**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Shares Related with Investment Valued by the Equity Method	6,940,159	6,332,402	1,944,150	2,866,701
	<b>6,940,159</b>	<b>6,332,402</b>	<b>1,944,150</b>	<b>2,866,701</b>

**NOTE 27 – FINANCIAL INCOME / EXPENSES**

**27.1 Financial Income**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Interest income	430,140	294,021	135,351	104,334
Maturity differences due from related parties	9,998,969	5,237,686	4,027,260	2,782,536
Foreign exchange income	17,856,824	5,502,317	1,679,911	1,720,874
Foreign exchange gain related parties	6,763,343	18,317,008	4,764,314	11,344,485
Foreign exchange gains arising from future contract	2,460,878	219,400	744,271	(2,263,853)
	<b>37,510,154</b>	<b>29,570,432</b>	<b>11,351,107</b>	<b>13,688,376</b>

**27.2 Financial Expenses (-)**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Interest expenses	(6,866,032)	(3,756,037)	(2,661,276)	(1,605,411)
Foreign exchange losses	(42,611,649)	(27,361,735)	(22,182,130)	(14,561,560)
Foreign exchange losses on related parties	(366)	(1,988,565)	-	(1,530,002)
Commission expenses of borrowing	(2,738,297)	(516,242)	(982,208)	(161,487)
Commission expenses of letter of guarantees	(45,468)	(23,744)	(19,698)	(12,486)
Maturity differences expenses on related parties	(98,183)	(1,622,248)	(2,372)	(609,534)
Foreign exchange losses arising from futures contracts	(2,058,619)	(5,526,451)	(206,540)	(4,433,559)
Other financial expenses	(35,002)	(632,399)	(9,327)	(171,486)
	<b>(54,453,616)</b>	<b>(41,427,421)</b>	<b>(26,063,551)</b>	<b>(23,085,525)</b>

## **NOTE 28 – TAX ASSETS AND LIABILITIES**

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

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

The applied effective interest rate in the year of 2014 is 20% (2013: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2013 (2013: 20%).

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

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

### *Taxable losses*

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

### *Issue Premium Exception*

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

### *The Real Estate and Subsidiary Share Sales Gain Exemption*

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

### *Investment Allowance Exemptions*

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



According to this execution, Income and Corporation Taxpayers;

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

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

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

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

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

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

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

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

### **Withholding tax**

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

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*Deferred Tax:*

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

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

	30.09.2014		31.12.2013	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<i>Deferred tax assets:</i>				
Rediscount receivables	326,631	65,326	417,491	83,498
Accrual of interest	158,599	31,720	-	-
Severance pay provision	8,445,046	1,689,009	6,392,684	1,278,537
Reversal of capitalized financial expenses	8,747,291	1,749,458	11,034,714	2,206,943
Reversal of capitalized on buildings	3,656,129	182,806	2,992,047	149,602
Tangible fixed assets (except land, building, land improvements and depreciations excluded), net	23,051,372	4,610,275	21,658,162	4,331,632
Tangible fixed assets (land, building, land improvements and depreciations), net	1,332,820	66,641	398,131	19,907
Financial fixed assets	2,183,414	109,171	9,123,573	456,179
Provision for the court cases	373,296	74,659	310,286	62,057
Forward	-	-	5,467,324	1,093,465
Allowable financial losses	758,756	151,751	349,432	69,886
Other	21,865	4,372	2,078,255	415,651
<b>Deferred tax assets</b>		<b>8,735,188</b>		<b>10,167,357</b>
<i>Deferred tax liabilities:</i>				
Rediscount payables	872,736	174,547	894,107	178,822
Foreign exchange	792,831	158,566	468,432	93,686
Forward	1,855,353	371,071	-	-
Other	16,818	3,364	42,468	8,492
<b>Deferred tax liabilities</b>		<b>707,548</b>		<b>281,000</b>
<b>Deferred tax assets/(liabilities), net</b>		<b>8,027,640</b>		<b>9,886,357</b>

For the period ended 30.09.2014 and 31.12.2013 movements of deferred tax assets and liabilities are as following:

	01.01.- 30.09.2014	01.01.- 30.09.2013
Current corporation tax	(4,392,617)	(5,783,888)
Deferred tax assets/(liabilities), net	(2,372,757)	3,200,845
	<b>(6,765,374)</b>	<b>(2,583,043)</b>
<b>Deferred Tax (Asset) / Liability Movements</b>	<b>01.01.- 30.09.2014</b>	<b>01.01.- 31.12.2013</b>
Opening balance	9,886,357	7,363,830
Deferred tax expense / (income)	(2,372,757)	2,443,017
Actuarial (gain) / loss effect prior periods	514,040	79,510
<b>Closing balance</b>	<b>8,027,640</b>	<b>9,886,357</b>

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

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>
Unaudited profit before tax	17,636,385	25,107,841
Total additions to tax base	7,703,412	5,074,261
Total deductions from tax base	(1,702,230)	(1,262,660)
Unaudited financial profit	23,637,567	28,919,442
Investment allowances	(3,044,519)	-
<b>Tax base (20%)</b>	<b>20,593,048</b>	<b>28,919,442</b>
<b>Tax base (9%)</b>	<b>3,044,519</b>	<b>-</b>
Effective tax rate	20%	20%
	9%	9%
<b>Calculated tax (20%)</b>	<b>4,118,610</b>	<b>5,783,888</b>
<b>Calculated tax (9%)</b>	<b>274,007</b>	<b>-</b>
Total calculated tax	4,392,617	5,783,888
Tax provision in the income statements	(4,392,617)	(5,783,888)

**NOTE 29 – EARNINGS PER SHARE**

	<b>01.01.- 30.09.2014</b>	<b>01.01.- 30.09.2013</b>	<b>01.07.- 30.09.2014</b>	<b>01.07.- 30.09.2013</b>
Net profit / (loss) for the period	24,369,165	14,418,185	(8,012,460)	9,939,897
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000	250,000,000	250,000,000
<b>Profit per share (TRY)</b>	<b>0.0975</b>	<b>0.0577</b>	<b>(0.0320)</b>	<b>0.0398</b>

**NOTE 30 – FINANCIAL INSTRUMENTS**

	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Financial assets</b>		
Cash and cash equivalents	85,044,448	59,971,644
Trade receivables	56,693,023	65,243,742
Financial assets	11,691,283	4,570,577
<b>Financial liabilities</b>		
Borrowings	318,117,676	214,203,377
Lease payables	19,878,860	19,999,792
Other payables	2,058,305	2,226,254
Trade payables	101,777,941	71,572,873

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

**Financial Instruments**

**Credit Risk**

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

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

As of 30 September 2014, maximum net credit risk is as following:

	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposit
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	779,615	55,913,408	126,179,027	6,060,259	85,001,141
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	779,615	55,913,408	126,179,027	6,060,259	85,001,141
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)	-	277,924	-	-	-
Impairment (-)	-	277,924	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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31 December 2013, maximum net credit risk is as following:

	Trade Receivables		Other Receivables		Bank Deposit
	Related Party	Third Party	Related Party	Related Party	
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	297,633	64,946,109	77,131,772	7,436,973	59,860,042
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	297,633	64,946,109	77,131,772	4,514,931	59,860,042
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	-	-	-	2,922,042	-
The part under guarantee with collateral etc	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	251,802	-	-	-
Impairment (-)	-	(251,802)	-	-	-
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	-	-	-	-	-

As of 31 December 2013, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 day	-	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 year	-	2,922,042
	-	<b>2,922,042</b>

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**Liquidity risk**

Liquidity risk is the Group’s possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

As of 30 September 2014, Group’s liquidity risk table is shown below:

<b>Maturities according to agreement</b>	<b>Book Value</b>	<b>Contractual Total cash outflow (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 – 12 months (II)</b>	<b>1- 5 Years (III)</b>
<b>Financial Liabilities Non Derivatives</b>	<b>441,832,782</b>	<b>465,893,302</b>	<b>215,240,204</b>	<b>165,012,525</b>	<b>85,640,573</b>
Financial borrowings	318,117,676	339,789,493	120,138,108	148,289,064	71,362,321
Financial leasing	19,878,860	21,394,827	1,835,768	5,280,807	14,278,252
Trade payables	101,777,941	102,650,677	91,775,107	10,875,570	-
Other liabilities	2,058,305	2,058,305	1,491,221	567,084	-
	<b>441,832,782</b>	<b>465,893,302</b>	<b>215,240,204</b>	<b>165,012,525</b>	<b>85,640,573</b>

As of 31 December 2013, Group’s liquidity risk table is shown below:

<b>Maturities according to agreement</b>	<b>Book Value</b>	<b>Contractual Total cash outflow (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 – 12 months (II)</b>	<b>1- 5 Years (III)</b>
<b>Financial Liabilities Non Derivatives</b>	<b>308,002,296</b>	<b>313,675,588</b>	<b>161,430,046</b>	<b>109,150,868</b>	<b>43,094,674</b>
Financial borrowings	214,203,377	217,163,581	91,068,881	98,888,093	27,206,607
Financial leasing	19,999,792	21,818,773	1,538,131	4,392,575	15,888,067
Trade payables	71,572,873	72,466,980	67,830,067	4,636,913	-
Other liabilities	2,226,254	2,226,254	992,967	1,233,287	-
	<b>308,002,296</b>	<b>313,675,588</b>	<b>161,430,046</b>	<b>109,150,868</b>	<b>43,094,674</b>

**Interest Rate Risk**

The Group’s financial liabilities exposure the Group to interest rate risk. The Group’s financial liabilities mainly consist of fixed rate borrowings. As of 30 September 2014, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group’s net profit will increase / decrease TRY 1,430,780.

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**Foreign currency risk**

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

Foreign currency risk sensitivity

As of 30 September 2014, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 25,552,270 more / less.

	Profit / Loss		Profit / Loss	
	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	(17,422,867)	17,422,867	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
<b>3-USD net effect (1+2)</b>	<b>(17,422,867)</b>	<b>17,422,867</b>	<b>-</b>	<b>-</b>
	In the case of increasing / losing value of TRY by 10% against EUR			
4- Euro net asset / liability	(8,264,109)	8,264,109	(731,928)	731,928
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6-Euro net effect (4+5)</b>	<b>(8,264,109)</b>	<b>8,264,109</b>	<b>(731,928)</b>	<b>731,928</b>
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	134,706	(134,706)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
<b>9- GBP net effect 7+8)</b>	<b>134,706</b>	<b>(134,706)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>(25,552,270)</b>	<b>25,552,270</b>	<b>(731,928)</b>	<b>731,928</b>

As of 31 December 2013, 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 19,109,983 more / less.

	Profit / Loss		Profit / Loss	
	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	(16,588,927)	16,588,927	-	-
2-Part of hedged from USD risk (-)	-	-	-	-
<b>3-USD net effect (1+2)</b>	<b>(16,588,927)</b>	<b>16,588,927</b>	<b>-</b>	<b>-</b>
	In the case of increasing / losing value of TRY by 10% against EUR			
4- Euro net asset / liability	(2,644,990)	2,644,990	(775,223)	775,223
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6-Euro net effect (4+5)</b>	<b>(2,644,990)</b>	<b>2,644,990</b>	<b>(775,223)</b>	<b>775,223</b>
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	123,934	(123,934)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
<b>9- GBP net effect 7+8)</b>	<b>123,934</b>	<b>(123,934)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>(19,109,983)</b>	<b>19,109,983</b>	<b>(775,223)</b>	<b>775,223</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD END 30 SEPTEMBER 2014**  
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

As of 30 September 2014, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY Equivalent (Functional Unit)	USD	EUR	GBP
1. Trade Receivables	37,285,846	8,792,245	4,709,225	983,658
2a. Monetary Financial Assets (including cash and banks)	14,304,014	5,924,327	265,667	9,453
2b. Non-monetary financial assets	-	-	-	-
3. Other	57,549,994	21,537,654	2,720,285	163,107
<b>4. Current Assets (1+2+3)</b>	<b>109,139,854</b>	<b>36,254,226</b>	<b>7,695,178</b>	<b>1,156,218</b>
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	11,583,040	5,082,733	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>11,583,040</b>	<b>5,082,733</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>120,722,894</b>	<b>41,336,959</b>	<b>7,695,178</b>	<b>1,156,218</b>
10. Trade Payables	51,038,143	19,362,083	2,391,192	-
11. Financial Liabilities	258,498,541	99,189,338	10,224,829	783,009
12a. Other monetary financial liabilities	20,838,415	50,314	7,167,377	-
12b. Other non-monetary financial liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>330,375,099</b>	<b>118,601,735</b>	<b>19,783,398</b>	<b>783,009</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	58,583,944	4,786,967	16,488,527	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>58,583,944</b>	<b>4,786,967</b>	<b>16,488,527</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>388,959,043</b>	<b>123,388,702</b>	<b>36,271,925</b>	<b>783,009</b>
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(268,236,149)</b>	<b>(82,051,743)</b>	<b>(28,576,747)</b>	<b>373,209</b>
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(325,786,143)	(103,589,397)	(31,297,032)	210,102
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports*	350,825,057	158,415,532	-	-
24. Imports*	198,308,390	89,546,423	-	-

(\*)As of 30 September 2014, exports and imports' balances were appreciated with average rate of exchange.



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD END 30 SEPTEMBER 2014**  
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

As of 31 December 2013, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY Equivalent (Functional Unit)	ABD Doları	Eur	GBP
1. Trade Receivables	46,481,702	5,303,588	11,043,984	777,922
2a. Monetary Financial Assets (including cash and banks)	11,960,787	5,420,267	133,029	476
2b. Non-monetary financial assets	2,766,797	1,068,180	165,837	-
3. Other	29,108,685	-	9,912,714	-
<b>4. Current Assets (1+2+3)</b>	<b>90,317,971</b>	<b>11,792,035</b>	<b>21,255,564</b>	<b>778,398</b>
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	-	-	-	-
6b. Non-monetary financial assets	180,947	-	61,620	-
7. Other	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>180,947</b>	<b>-</b>	<b>61,620</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>90,498,918</b>	<b>11,792,035</b>	<b>21,317,184</b>	<b>778,398</b>
10. Trade Payables	24,768,252	9,362,385	1,629,870	-
11. Financial Liabilities	192,425,550	66,338,954	16,868,119	371,672
12a. Other monetary financial liabilities	22,996,659	10,686,326	-	53,777
12b. Other non-monetary financial liabilities	349,854	16,978	106,800	-
<b>13. Current Liabilities (10+11+12)</b>	<b>240,540,315</b>	<b>86,404,643</b>	<b>18,604,789</b>	<b>425,449</b>
14. Trade Payables	-	-	-	-
15. Finansal Liabilities	41,058,430	3,112,768	11,719,683	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>41,058,430</b>	<b>3,112,768</b>	<b>11,719,683</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>281,598,745</b>	<b>89,517,411</b>	<b>30,324,472</b>	<b>425,449</b>
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(191,099,827)</b>	<b>(77,725,376)</b>	<b>(9,007,288)</b>	<b>352,949</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(222,806,402)</b>	<b>(78,776,578)</b>	<b>(19,040,659)</b>	<b>352,949</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports*	377,875,499	198,842,796	-	-
24. Imports*	194,440,020	102,316,761	-	-

(\*)As of 31 December 2013, exports and imports' balances were appreciated with average rate of exchange.

**NOT 32 – FINANCIAL INSTRUMENTS (STATEMENTS OF FAIR VALUES AND STATEMENTS WITHIN ACCOUNTING ENSURING FINANCIAL RISK)**

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

Capital Risk Management

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

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

As of 30.09.2014 and 31.12.2013 net debt / total equity ratio is as follows:

	<b>30.09.2014</b>	<b>31.12.2013</b>
Total debts	491,521,164	340,644,400
Liquid assets	(85,044,448)	(59,971,644)
Net debt	406,476,716	280,672,756
Total equity	321,112,264	297,452,214
Total capital	727,588,980	578,124,970
Net Debt/Total Equity ratio	56%	49%