

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
FINANCIAL STATEMENTS
AND AUDITOR'S REVIEW REPORT
FOR THE PERIOD ENDED AT 31 DECEMBER 2014**

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.

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REVIEW REPORT RELATED TO THE CONSOLIDATED FINANCIAL INFORMATION

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
To the Board of Directors of,
İzmir

Independent Auditors' Report to the Financial Statements

We have audited the accompanying consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi ("Company") which comprise the consolidated balance sheet as of 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Responsibility of Auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audits. Our independent audit is performed compatible with the independent audit standards published by the Capital Markets Board. These standards require the independent audit to be submissive to ethical principals and performance with planning to verify fair assurance whether the consolidated financial statements are reflecting the truth or not.

Our independent audit essentially based on applying analytical audit procedures, in order to collect the related proof and understand the entries and notes in the financial statements. The preference of independent audit standards is based on occupational contentment to evaluate whether consolidated financial statements contain risk of significant error derived from mistakes including deception and inconsistency or not. In this risk evaluation, the internal control was taken into account. However, our purpose is not to provide an opinion about internal control efficiency, is to display the inter correlation between the consolidated financial statements prepared by company management and internal control system with appropriate independent audit standards. Our independent audit embraces the valuation of coherence as a complete; consolidated financial statements presentation and significant accounting estimations along with adopted accounting policy by company management.

We believe that the evidences obtained during the independent audit procedure constitute an adequate base to form our opinion



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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial positions of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 31 December 2014 and of its real operating results, change in share capital and cash flow, from the point of important matter, for the accounting year then ended in accordance with International Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

Reports on Other Responsibilities Arising from Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on 04 March 2015.
- 2) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 and financial statements are not in compliance with the code and provisions of the Group's articles of association in relation to financial reporting.
- 3) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit

Birleşim Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.



Ergun Şenlik
Managing Partner

İstanbul, 04 March 2015

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2014 AND 2013
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

| | | <i>Audited</i> | <i>Audited</i> |
|---|--------------------------------|--------------------------------------|------------------------------------|
| ASSETS | Footnote References | Current Period 31.12.2014 | Prior Period 31.12.2013 |
| Current Assets | | 487,021,178 | 380,791,187 |
| Cash and Cash Equivalents | 4 | 124,275,728 | 59,971,644 |
| Financial Investments | 5 | 4,809,201 | 4,570,577 |
| Trade Receivables | | 41,173,630 | 65,243,742 |
| <i>Trade Receivables from Related Parties</i> | 7 | 1,707,631 | 297,633 |
| <i>Trade Receivables from Third Parties</i> | 7 | 39,465,999 | 64,946,109 |
| Other Receivables | | 96,142,159 | 84,554,051 |
| <i>Other Receivables from Related Parties</i> | 9 | 92,269,614 | 77,131,772 |
| <i>Other Receivables from Third Parties</i> | 9 | 3,872,545 | 7,422,279 |
| Derivative Financial Instruments | 10 | 1,614,300 | 696,738 |
| Inventories | 11 | 188,413,621 | 140,986,886 |
| Biological Assets | 12 | 4,449,108 | 3,778,127 |
| Prepaid Expenses | 13 | 4,600,265 | 3,655,964 |
| Assets Related to Current Year Tax | 14 | 5,404,563 | 5,815,114 |
| Other Current Assets | 21 | 16,138,603 | 11,518,344 |
| Non-Current Assets | | 284,436,721 | 257,305,427 |
| Other Receivables | 9 | 26,184 | 14,694 |
| Investments Valued by Equity Method | 15 | 119,612,639 | 110,085,435 |
| Tangible Assets | 16 | 155,713,214 | 134,270,062 |
| Intangible Assets | 17 | 87,772 | 166,660 |
| Prepaid Expenses | 13 | 441,521 | 2,601,219 |
| Deferred Tax Assets | 28 | 8,555,391 | 10,167,357 |
| TOTAL ASSETS | | 771,457,899 | 638,096,614 |
| LIABILITIES | | | |
| Short Term Liabilities | | 360,326,896 | 292,912,286 |
| Short Term Borrowings | 8 | 200,122,976 | 172,173,455 |
| Current installments of long term borrowings | 8 | 16,574,898 | 20,971,284 |
| Trade Payables | | 99,694,152 | 71,572,873 |
| <i>Trade Payables to Related Parties</i> | 7 | 5,179,201 | 748,589 |
| <i>Trade Payables to Third Parties</i> | 7 | 94,514,951 | 70,824,284 |
| Employee Benefit Liabilities | 20 | 5,718,780 | 3,413,065 |
| Other Payables | | 2,001,908 | 2,226,254 |
| <i>Other Payables to Related Parties</i> | 9 | 159,750 | 1,227,287 |
| <i>Other Payables to Third Parties</i> | 9 | 1,842,158 | 998,967 |
| Derivative Financial Instruments | 10 | 79,825 | 6,164,062 |
| Deferred Income | 13 | 30,620,959 | 9,547,867 |
| Tax Liabilities of Period Profit | 28 | 4,000,888 | 6,487,101 |
| Short Term Provisions | | 1,512,510 | 356,325 |
| - <i>Short term employee benefits</i> | 19 | 1,252,310 | - |
| - <i>Other provisions short term</i> | 19 | 260,200 | 356,325 |
| Long-Term Liabilities | | 88,208,574 | 47,732,114 |
| Long Term Borrowings | 8 | 77,875,416 | 41,058,430 |
| Long Term Provisions for Employee Benefits | 19 | 9,612,627 | 6,392,684 |
| Deferred Tax Liability | 28 | 720,531 | 281,000 |
| Equity | | 322,922,429 | 297,452,214 |
| Parent Company's Equity | | 321,009,662 | 295,306,152 |
| 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 | (1,181,579) | (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 | 36,482,865 | 12,010,490 |
| Net Income / Loss for the Period | | 25,468,481 | 25,713,140 |
| Minority Interest | 22.7 | 1,912,767 | 2,146,062 |
| TOTAL LIABILITIES AND EQUITY | | 771,457,899 | 638,096,614 |

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
FOR THE PERIOD 01 JANUARY - 31 DECEMBER 2014 AND 2013
CONSOLIDATED STATEMENTS OF INCOME
AND OTHER COMPREHENSIVE INCOME STATEMENTS
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

| | <i>Audited</i> | <i>Audited</i> |
|---|-----------------------|---------------------|
| | Current Period | Prior Period |
| | 01.01- | 01.01- |
| | 31.12.2014 | 31.12.2013 |
| Footnote | | |
| References | | |
| Revenue | 23.1 603,362,938 | 482,293,700 |
| Cost of sales (-) | 23.2 (532,959,350) | (422,666,276) |
| Gross profit/(loss) | 70,403,588 | 59,627,424 |
| General Administrative Expenses (-) | 24.2 (10,332,071) | (7,472,783) |
| Marketing, Selling and Distribution Expenses (-) | 24.1 (12,106,735) | (8,944,537) |
| Research and Development Expenses (-) | 24 (2,100) | (352,537) |
| Other Operating Income | 25.1 18,315,706 | 10,994,926 |
| Other Operating Expenses (-) | 25.2 (33,277,462) | (22,301,057) |
| Operating Profit/(Loss) | 33,000,926 | 31,551,436 |
| Income from Investment Activities | 26.1 683,179 | 823,087 |
| Expense from Investment Activities (-) | 26.2 (69,179) | - |
| Shares of Profit/(Loss) from Investments Evaluated by Equity Pick-up Method | 26.3 9,527,204 | 8,649,640 |
| Operating Activity Profit/(Loss) Before Financial Income/(Expense) | 43,142,130 | 41,024,163 |
| Financial Income | 27.1 30,953,026 | 56,051,380 |
| Financial Expenses (-) | 27.2 (42,841,471) | (67,395,519) |
| Operating Activity Profit/(Loss) Before Taxation | 31,253,685 | 29,680,024 |
| Operating Activity Tax Income/(Expense) | | |
| Current Tax Income/(Expense) | 28 (4,000,888) | (6,487,101) |
| Deferred Tax Income/(Expense) | 28 (2,267,123) | 2,443,017 |
| Current Period operating activity profit / (loss) | 24,985,674 | 25,635,940 |
| Profit/(Loss) for the Period | 24,985,674 | 25,635,940 |
| Distribution of the Period Income/Loss | | |
| Minority interest | 22.7 (482,807) | (77,200) |
| Parent Company's Shares | 25,468,481 | 25,713,140 |
| Earnings Per Share | 29 0.0999 | 0.1025 |
| Other Comprehensive Income: | | |
| Income (Expenses) not to be reclassified on profit or loss | | |
| - Actuarial gain/loss arising from retirement benefits | (1,078,122) | (397,547) |
| - Deferred tax income / (expense) | 215,624 | 79,510 |
| Income (Expenses) to be reclassified on profit or loss | | |
| Change in foreign currency translation differences | - | (516,080) |
| Other comprehensive income | (862,498) | (834,117) |
| Total Comprehensive Income/(Expense) | 24,123,176 | 24,801,823 |
| Distribution of Total Comprehensive Income | | |
| Minority interest | (482,807) | (77,200) |
| Parent Company's Shares | 24,605,983 | 24,879,023 |

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF 01 JANUARY - 31 DECEMBER 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 | | | | |
| Balances as at 01.01.2013 | 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 | - | - | - | - | - | - | - | - | (51,458) | (51,458) | |
| Total Comprehensive Income/Loss | 22 | - | - | (318,037) | (516,080) | - | - | 25,713,140 | 24,879,023 | (77,200) | 24,801,823 | |
| Balances as at 31.12.2013 | 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 | |
| Balances as at 01.01.2014 | 22 | 250,000,000 | 485,133 | (319,081) | (1,091,445) | 8,507,915 | 12,010,490 | 25,713,140 | 295,306,152 | 2,146,062 | 297,452,214 | |
| Transfers | 22 | - | - | - | 1,091,445 | 1,246,847 | 24,472,375 | (25,713,140) | 1,097,527 | 249,512 | 1,347,039 | |
| Total Comprehensive Income/Loss | 22 | - | - | (862,498) | - | - | - | 25,468,481 | 24,605,983 | (482,807) | 24,123,176 | |
| Balances as at 31.12.2014 | 22 | 250,000,000 | 485,133 | (1,181,579) | - | 9,754,762 | 36,482,865 | 25,468,481 | 321,009,662 | 1,912,767 | 322,922,429 | |

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD OF 01 JANUARY - 31 DECEMBER 2014 AND 2013
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

| | <i>Audited</i> | <i>Audited</i> |
|---|-----------------------|---------------------|
| | Current Period | Prior Period |
| | 01.01- | 01.01- |
| Footnote | 31.12.2014 | 31.12.2013 |
| References | | |
| A. CASH FLOWS FROM THE OPERATING ACTIVITIES | 46,798,422 | (63,207,618) |
| Profit/Loss for the period before taxation | 31,253,685 | 29,680,024 |
| Adjustment for depreciation, amortisation expenses | 16-17 15,965,093 | 10,543,323 |
| Adjustment for employee termination benefits | 19-24.1 3,435,567 | 725,124 |
| Adjustments related to the provisions | 19 1,156,185 | 310,286 |
| Adjustment for interest income and expense | 8-27.2 1,265,681 | 755,438 |
| Rediscount on receivables | 25.2 1,075,769 | 810,109 |
| Rediscount on payables | 25.1 1,110,979 | 1,211,087 |
| Changes in the company capital | | |
| Adjustments related to the increase/decrease in financial assets | 5 (238,624) | (1,640,310) |
| Adjustments related to the increase/decrease in trade receivables | 7 22,994,343 | (15,603,992) |
| Adjustments related to the increase/decrease in inventories | 11 (47,426,735) | (31,497,131) |
| Adjustments related to the increase/decrease in biological assets | 12 (670,981) | (2,635,633) |
| Adjustments for increase / decrease in other receivables related to the operations | 9 (11,599,598) | (33,410,108) |
| Prepaid expenses | 13 1,215,397 | (3,689,130) |
| Other Assets | 14-21 (6,843,892) | (8,791,867) |
| Adjustments for increase / decrease in trade payables | 7 27,010,300 | 9,979,892 |
| Adjustments for increase / decrease in other payables related with operations | 9-13-20 23,154,461 | (4,790,297) |
| Change in investments valued by equity method | 15 (9,527,204) | (14,599,640) |
| Other Cash Entrance / Disposal | 22.3 (44,903) | (397,547) |
| Cash flow provided by operating activities | | |
| Tax payments/returns | 28 (6,487,101) | (167,246) |
| B. NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES | (35,688,424) | (55,786,436) |
| Proceeds from sale of property, plant, equipment and intangible assets | 16-17 516,468 | 1,368,386 |
| Proceeds from purchase of property, plant, equipment and intangible assets | 16-17 (36,192,728) | (57,103,364) |
| Change in minority interest | 22.5 (12,164) | (51,458) |
| C. NET CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES | 52,102,641 | 138,341,465 |
| Cash inflows/outflows from financial liabilities | 8 59,291,427 | 112,848,275 |
| Cash outflows from finance leases | 8 (186,987) | 19,946,993 |
| Loss/gain on derivative financial instruments | 10-27 (7,001,799) | 5,546,197 |
| BEFORE THE IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C) | 63,212,639 | 19,347,411 |
| D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS | 1,091,445 | (516,080) |
| NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D) | 64,304,084 | 18,831,331 |
| E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD | 59,971,644 | 41,140,313 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E) | 124,275,728 | 59,971,644 |

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2014

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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

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

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

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

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

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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

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

4,284 personnel are employed by the Company as of 31 December 2014, and average number of personnel is 4,203 for the period of 01.01-31.12.2014.

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;

| Products | Unit | Amount |
|---|----------------|---------------|
| Cotton yarn (is used in its production) | Kg | 5,227,967 |
| Raw fabric woven (is used in its production) | M ² | 59,151,060 |
| Knitted Fabric (is used in its production) | Kg | 1,001,700 |
| Linens | Unit | 4,200,000 |
| Pillow case | Unit | 12,600,000 |
| Sheet | Unit | 6,600,000 |
| Fabric painting (is used in its production) | Kg | 3,744,000 |
| Fabric printing (is used in its production) | Kg | 13,500,000 |
| Digital fabric printing (is used in its production) | Kg | 1,311,786 |

Production Capacity (Energy)

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

| | Unit | Amount |
|---------------------------------------|---------------|-----------------|
| Electricity energy | kilowatt hour | 161,827,000 |
| Steam (is used in its production) | joule | 617,569,920,000 |
| Hot water (is used in its production) | joule | 238,360,320,000 |

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2014

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

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 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 m² to 206,232 m² with adding 114,432 m². Smyrna Seracılık A.Ş. has started to design environment and infrastructure of the new area. The new area will be constructed on the existing area, which is 196,932 m², of Smyrna Seracılık Ticaret A.Ş.

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

| Product | Unit | Amount |
|---------------------|-------------|---------------|
| Tomato | Ton | 6,500 |
| Quick-frozen tomato | Ton | 684 |

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

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

As of 31 December 2014, 195 personnel are employed by the Company and the average number of personnel is 175 for the period of 01.01-31.12.2014.

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.

Menderes Tekstil Pazarlama A.Ş.

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

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

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

Tan Elektrik Üretim A.Ş.

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT
31 DECEMBER 2014

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

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 04 March 2015. Boards of Directors have authority to change financial statements.

Basis of consolidation

As of 31 December 2014 and 2013, the capital structure of subsidiaries and participations are as follows:

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

| | 31.12.2014 | 31.12.2013 |
|-----------------------|-------------------|-------------------|
| | Ratio% | Ratio % |
| Public Offered Shares | 51.9 | 51.9 |
| Akça Holding A.Ş. | 45.7 | 45.7 |
| Other | 2.4 | 2.4 |
| | 100.0 | 100.0 |

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| | Ratio% | Ratio% |
| Menderes Tekstil Sanayi ve Ticaret A.Ş. | 79.17 | 79.2 |
| Cemal İpekoğlu | - | 20.4 |
| Rıza Akça | 10.31 | 0.1 |
| Ahmet Bilge Göksan | 5.16 | - |
| Dilek Göksan | 5.16 | 0.1 |
| Other | 0.20 | 0.2 |
| | 100.0 | 100.0 |

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

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| | Ratio% | Ratio% |
| Menderes Tekstil Sanayi ve Ticaret A.Ş. | 48.0 | 48.0 |
| Nihat Zeybekçi | 49.5 | 49.5 |
| Other | 2.5 | 2.5 |
| | 100.0 | 100.0 |

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

| | 31.12.2014 | 31.12.2013 |
|--|-----------------------|-----------------------|
| | <u>Ratio %</u> | <u>Ratio %</u> |
| Tan Elektrik Üretim A.Ş. | 45.71 | 45.71 |
| Menderes Tekstil Sanayi ve Ticaret A.Ş. | 20.00 | 20.0 |
| Akça Holding A.Ş. | 17.53 | 17.5 |
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 10.72 | 10.7 |
| Selin Tekstil Sanayi Ticaret A.Ş. | 5.55 | 5.6 |
| Akçasaraylı Tekstil Ltd. Şti. | 0.48 | 0.5 |
| | 100.0 | 100.0 |

Menderes Tekstil Pazarlama A.Ş. (Participation)

| | 31.12.2014 | 31.12.2013 |
|---|-----------------------|-----------------------|
| | <u>Ratio %</u> | <u>Ratio %</u> |
| Menderes Tekstil Sanayi ve Ticaret A.Ş. | 45.0 | 45.0 |
| Akça Holding A.Ş. | 45.0 | 45.0 |
| Rıza Akça | 5.0 | 4.5 |
| Dilek Göksan | 2.5 | 4.5 |
| Ahmet Bilge Göksan | 2.5 | 1.0 |
| | 100.0 | 100.0 |

Tan Elektrik Üretim A.Ş. (Participation)

| | 31.12.2014 | 31.12.2013 |
|--|-----------------------|-----------------------|
| | <u>Ratio %</u> | <u>Ratio %</u> |
| Akça Holding A.Ş. | 5.0 | 5.0 |
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 70.0 | 70.0 |
| Smyrna Seracılık A.Ş. | 21.0 | 21.0 |
| Rıza Akça | 2.0 | 2.0 |
| Dilek Göksan | 1.0 | 2.0 |
| Ahmet Bilge Göksan | 1.0 | - |
| | 100.0 | 100.0 |

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.

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

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

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

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

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Reporting Currency

As of 31 December 2014 and 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

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2.e. Amendments in International Financial Reporting Standards

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

Standards, Amendments and IFRICs applicable to 31 December 2014 year ends

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

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

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

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

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

New TFRS standards, amendments and IFRICs effective after 1 January 2015

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

TFRS 2, 'Share-based payment'

TFRS 3, 'Business Mergers'

TFRS 8, 'Operating segments'

TFRS 13, 'Fair value measurement'

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

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

TAS 39, Financial instruments - Recognition and measurement'

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.

IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.

TAS 19, 'Employee benefits' regarding discount rates.

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

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

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2.f. Summary of Significant Accounting Policy

Cash and Cash Equivalents

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

Financial Investments:

Initial measurement of financial assets and financial liabilities

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

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

Subsequent measurement of financial assets

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

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

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

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

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

Held-to maturity investments:

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

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

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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.

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Borrowing Costs

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

Provision for Doubtful Receivables

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

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

Inventories

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

Biological Assets

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

Tangible Assets

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

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

Economic useful lives of assets approximately are as follows:

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

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Intangible Assets

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

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

Leasing

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

Impairment of Assets

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

Employee Benefits / Severance Pay

• **Severance Pay**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 December 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.

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Taxes

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

Accounting Estimates

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

Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

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

Investments Subject to Equity Pick-up Method

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

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Revenue

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

Sales of goods:

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

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

Rendering of services:

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

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

Interest income:

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

Dividend and other incomes:

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

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

Leasing procedures

Operating lease as owner

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

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

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The Effects of Exchange Rates

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

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

| | 31.12.2014 | 31.12.2013 |
|-----|------------|------------|
| USD | 2.3189 | 2.1343 |
| EUR | 2.8207 | 2.9365 |
| GBP | 3.5961 | 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.

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Other Balance Sheet Entries

Other balance sheet entries are reflected with their book values.

Cash Flow Statement

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

Subsequent Events

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

Related Parties

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

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

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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

| 31 December 2014 | Textile Sector | Agricultural Sector | Elimination | Total |
|--|-----------------------|----------------------------|---------------------|--------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | 124,272,837 | 2,891 | - | 124,275,728 |
| Financial Investments | 4,809,201 | - | - | 4,809,201 |
| Trade Receivables | 39,662,155 | 1,511,475 | - | 41,173,630 |
| Other Receivables | 111,689,051 | 63,314 | (15,610,206) | 96,142,159 |
| Derivative Financial Instruments | 1,614,300 | - | - | 1,614,300 |
| Inventories | 187,851,175 | 562,446 | - | 188,413,621 |
| Biological Assets | - | 4,449,108 | - | 4,449,108 |
| Prepaid Expenses | 4,568,264 | 32,001 | - | 4,600,265 |
| Current Taxes Assets | 5,318,818 | 85,745 | - | 5,404,563 |
| Other Current Assets | 13,502,638 | 2,635,965 | - | 16,138,603 |
| Current Assets | 493,288,439 | 9,342,945 | (15,610,206) | 487,021,178 |
| Other Receivables | 23,058 | 3,126 | - | 26,184 |
| Investments Valued With Equity Method | 128,572,199 | 540,440 | (9,500,000) | 119,612,639 |
| Tangible Assets | 129,202,786 | 26,510,428 | - | 155,713,214 |
| Intangible Assets | 76,416 | 11,356 | - | 87,772 |
| Prepaid Expenses | 303,576 | 137,945 | - | 441,521 |
| Deferred Tax Assets | 8,913,830 | 547,881 | (906,320) | 8,555,391 |
| Non-Current Assets | 267,091,865 | 27,751,176 | (10,406,320) | 284,436,721 |
| TOTAL ASSETS | 760,380,304 | 37,094,121 | (26,016,526) | 771,457,899 |
| LIABILITIES | | | | |
| Short Term Borrowings | 200,122,976 | - | - | 200,122,976 |
| Current Installments of Long Term Borrowings | 13,769,873 | 2,805,025 | - | 16,574,898 |
| Trade Payables | 98,519,678 | 1,174,474 | - | 99,694,152 |
| Scope of Employee Benefits Liabilities | 5,474,415 | 244,365 | - | 5,718,780 |
| Other Payables | 1,975,880 | 15,636,234 | (15,610,206) | 2,001,908 |
| Derivative Financial Instruments | 79,825 | - | - | 79,825 |
| Deferred Incomes | 30,620,959 | - | - | 30,620,959 |
| Corporation Tax Liabilities | 3,910,623 | 90,265 | - | 4,000,888 |
| Short Term Provisions | 1,495,674 | 16,836 | - | 1,512,510 |
| Short Term Liabilities | 355,969,903 | 19,967,199 | (15,610,206) | 360,326,896 |
| Long Term Borrowings | 71,044,857 | 6,830,559 | - | 77,875,416 |
| Provisions For Employee Long Term Benefits Include | 9,409,806 | 202,821 | - | 9,612,627 |
| Deferred Tax Liabilities | 714,594 | 912,257 | (906,320) | 720,531 |
| Long Term Liabilities | 81,169,257 | 7,945,637 | (906,320) | 88,208,574 |
| 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 | (1,181,579) | - | - | (1,181,579) |
| Restricted Reserves | 9,698,409 | 56,353 | - | 9,754,762 |
| Retained Earnings / Losses | 36,938,834 | (557,597) | 101,628 | 36,482,865 |
| Net Profit / Loss for the Period | 27,300,347 | (2,317,471) | 485,605 | 25,468,481 |
| Minority Interest | - | - | 1,912,767 | 1,912,767 |
| SHAREHOLDERS' EQUITY | 323,241,144 | 9,181,285 | (9,500,000) | 322,922,429 |
| TOTAL LIABILITIES | 760,380,304 | 37,094,121 | (26,016,526) | 771,457,899 |

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| 31 December 2014 | Textile Sector | Agricultural Sector | Elimination | Total |
|--|-----------------------|----------------------------|--------------------|-------------------|
| Revenues | 590,969,243 | 12,393,695 | - | 603,362,938 |
| Cost of Sales (-) | (523,847,808) | (9,111,542) | - | (532,959,350) |
| GROSS PROFIT/LOSS | 67,121,435 | 3,282,153 | - | 70,403,588 |
| General Administrative Expenses (-) | (9,835,699) | (496,372) | - | (10,332,071) |
| Marketing expenses (-) | (11,026,267) | (1,080,468) | - | (12,106,735) |
| Research and Development Expenses (-) | (2,100) | - | - | (2,100) |
| Other Operating Income | 17,831,497 | 481,411 | 2,798 | 18,315,706 |
| Other Operating Expenses (-) | (33,180,817) | (96,645) | - | (33,277,462) |
| OPERATING PROFIT/LOSS | 30,908,049 | 2,090,079 | 2,798 | 33,000,926 |
| Investing Activities Income | 682,031 | 1,148 | - | 683,179 |
| Investing Activities Expenses | (69,179) | - | - | (69,179) |
| Profit /Loss from the participations valued by Equity Method | 11,736,764 | (2,209,560) | - | 9,527,204 |
| OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES | 43,257,665 | (118,333) | 2,798 | 43,142,130 |
| Financial Income (+) | 32,134,093 | 396,901 | (1,577,968) | 30,953,026 |
| Financial Expenses (-) | (42,454,144) | (1,965,295) | 1,577,968 | (42,841,471) |
| CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX | 32,937,614 | (1,686,727) | 2,798 | 31,253,685 |
| Continuing Operations Tax Income/Expense | | | | |
| - Income/Expense Tax for the period | (3,910,623) | (90,265) | - | (4,000,888) |
| - Deferred Tax Income/Expense | (1,726,644) | (540,479) | - | (2,267,123) |
| PROFIT/(LOSS) FOR THE PERIOD | 27,300,347 | (2,317,471) | 2,798 | 24,985,674 |

Information On The Geographical Region

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

| Region | 2014 | 2013 |
|-----------------|-------------|-------------|
| Germany | 36% | 37% |
| USA | 30% | 27% |
| Italy | 7% | 10% |
| France | 7% | 7% |
| China | 4% | 4% |
| Other countries | 16% | 15% |
| | 100% | 100% |

Information About Major Clients

Group's sales related activities are determined according to market fluctuations in domestic and foreign and conditions of competitions. It is being taken care of that any certain sector, country, individual and Company are concentrated in terms of risk dispersions. The share of the biggest purchaser in the revenue achieved from textile activity is 39%. (2013: 44%).

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NOTE 4 – CASH AND CASH EQUIVALENTS

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

| | 31.12.2014 | 31.12.2013 |
|-----------------------------|--------------------|-------------------|
| Cash | 9,037 | 6,474 |
| Banks | 124,126,889 | 59,860,042 |
| Demand deposits | 41,005,648 | 21,533,674 |
| Time deposits | 83,121,241 | 38,326,368 |
| Interest accruals for banks | 139,802 | 105,128 |
| | 124,275,728 | 59,971,644 |

As of 31.12.2014 and 2013, maturity schedule of time deposits in the cash and cash equivalents are as following:

| | 31.12.2014 | 31.12.2013 |
|----------------|-------------------|-------------------|
| Within 1 month | 78,761,276 | 32,104,500 |
| 1-3 month | 4,359,965 | 6,221,868 |
| | 83,121,241 | 38,326,368 |

As of 31 December 2014, effective interest rates of time deposits in TRY and USD are 9.66 % and 2.39% (31.12.2013: for TRY 6.44%, USD 2.35%)

As of 31 December 2014, average maturity date of time deposits is 31 days (31 December 2013: 39 days). As of 31.12.2014, time deposits consist of TRY 75,315,821 and USD 3,366,001 (TRY 7,805,420) (31.12.2013: TRY 32,122,751 and USD 2,906,628 (TRY 6,203,617)).

As of 31.12.2014, the blockage's amount on the less than 3 months bank deposits of the Group TRY 20,000,000 and USD 1,850,000 (TRY 4,289,965) on the borrowings are taken from Şekerbank T.A.Ş. and TRY 35,000,000 on the borrowings are taken from Odeabank A.Ş (31.12.2013: USD 1,850,000 (TRY 3,948,455)).

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Deposits with maturities over 3 months | 4,753,745 | 4,515,300 |
| Bank interest accruals | 55,456 | 55,277 |
| | 4,809,201 | 4,570,577 |

As of 31 December 2014, the average maturity of time deposits are 169 days. (31.12.2013: 170). As of 31.12.2014, time deposit consist of USD 2,050,000 (TRY 4,753,745) (31.12.2013: TRY 139,985 ve USD 2,050,000 (TRY 4,375,315)).

As of 31 December 2014, the blockage's amount on the more than 3 months bank deposits of the Group is USD 2,050,000 (TRY 4,753,745) for the borrowings are taken from Şekerbank T.A.Ş (31.12.2013: USD 2,050,000 (TRY 4,375,315)).

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 1,410,032 | 90,825 |
| Menderes Tekstil Pazarlama A.Ş. | 329,520 | 207,572 |
| Rediscount | (31,921) | (764) |
| | 1,707,631 | 297,633 |

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

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Selin Tekstil Sanayi ve Ticaret A.Ş. | 4,647,522 | 753,608 |
| Akça Holding A.Ş. | 112,449 | - |
| Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. | 457,782 | 939 |
| Reeskont | (38,552) | (5,958) |
| | 5,179,201 | 748,589 |

c) Due from shareholders (Note 9):

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 31,461,273 | 37,956,354 |
| Akça Holding A.Ş. | - | 5,954 |
| Rıza Akça | 63,314 | - |
| | 31,524,587 | 37,962,308 |

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

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | 56,149,986 | 39,159,100 |
| Tan Elektrik Üretim A.Ş. | 4,267,952 | 10,364 |
| Akça Solar Üretim Sanayi Ticaret A.Ş. | 327,089 | - |
| | 60,745,027 | 39,169,464 |

e) Due to shareholders (Note 9):

| | 31.12.2014 | 31.12.2013 |
|-------------|-------------------|-------------------|
| Rıza Akça | 20,353 | 681,726 |
| Ali Atlamaz | 78,475 | 16,665 |
| | 98,828 | 698,391 |

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f) Due to related parties (Note 9):

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Akça Solar Üretim Sanayi Ticaret A.Ş. | - | 148,403 |
| Akçamen Tekstil A.Ş. | 60,922 | 65,744 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | - | 314,749 |
| | 60,922 | 528,896 |

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

| | 31.12.2014 | 31.12.2013 |
|---------------------------------|-------------------|-------------------|
| Menderes Tekstil Pazarlama A.Ş. | 5,788,862 | 6,271,610 |
| | 5,788,862 | 6,271,610 |

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

a) Sales to related parties (Note 23.1):

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------|-------------------------------|
| Menderes Tekstil Pazarlama A.Ş. | 73,131,751 | 61,928,059 |
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 186,486 | 137,747 |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 2,733,108 | 1,339,229 |
| Aktur Araç Muayene İstasyonları İşl. A.Ş. | 21,700 | 14,200 |
| Selin Tekstil Sanayi ve Ticaret A.Ş. | - | 216,502 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | - | 190,002 |
| Akça Holding A.Ş. | - | 51,252 |
| | 76,073,045 | 63,876,991 |

b) Purchases from related parties (Note 23.2):

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------|-------------------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 453,937 | 536,600 |
| Selin Tekstil Sanayi ve Ticaret A.Ş. | 37,837,900 | 27,660,000 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | 256,100 | 133,350 |
| Akça Holding A.Ş. | 40,266 | 59,789 |
| Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. | 1,628 | - |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 751 | - |
| | 38,590,582 | 28,389,739 |

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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.- 31.12.2014 | 01.01.- 31.12.2013 |
|-----------------------------------|-------------------------------|-------------------------------|
| Members of the Board of Directors | 2,534,358 | 1,133,510 |
| | 2,534,358 | 1,133,510 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------|-------------------------------|
| Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. | 607,504 | 545,444 |
| Akça Holding A.Ş. | 298,704 | 149,744 |
| | 906,208 | 695,188 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------|-------------------------------|
| Menderes Tekstil Pazarlama A.Ş. | 10,800 | 10,200 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | 28,020 | 26,400 |
| Selin Tekstil Sanayi ve Ticaret A.Ş. | 28,020 | 26,400 |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 71,100 | 51,000 |
| Akçamen Tekstil Sanayi Ticaret A.Ş. | 9,000 | 9,000 |
| | 146,940 | 123,000 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------|-------------------------------|
| Menderes Tekstil Pazarlama A.Ş. | 60,000 | 57,000 |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 87,543 | - |
| | 147,543 | 57,000 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 6,763,343 | 34,797,518 |
| | 6,763,343 | 34,797,518 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 10,644,212 | 6,027,872 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | 4,907,091 | 2,771,318 |
| Tan Elektrik Üretim A.Ş. | 242,923 | 5,658 |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | 25,411 | - |
| Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. | 7,519 | - |
| | 15,827,156 | 8,804,848 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 366 | 5,100,728 |
| | 366 | 5,100,728 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş. | 126 | 1,445,184 |
| Akça Holding A.Ş. | - | 5,224 |
| Akça Enerji Üretim Otoprodüktör Grubu A.Ş. | 19,322 | - |
| Menderes Tekstil Pazarlama A.Ş. | 171,568 | 321,997 |
| Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. | - | 28,396 |
| Akçamen Tekstil Sanayi Ticaret A.Ş. | 6,942 | 6,781 |
| Akça Solar Üretim Sanayi Ticaret A.Ş. | 6,821 | 115,472 |
| | 204,779 | 1,923,054 |

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Trade receivables | 36,332,644 | 62,922,498 |
| Cheques and notes | - | - |
| Unearned interest on trade receivables | (149,741) | (416,727) |
| Doubtful trade receivables | 247,204 | 251,802 |
| Provision for doubtful receivables (-) | (247,204) | (251,802) |
| Income accruals | 3,283,096 | 2,440,338 |
| Trade Receivables From Third Parties | 39,465,999 | 64,946,109 |
| Receivables from related parties (Note 6-i-a) | 1,410,032 | 90,825 |
| Receivables from related parties (Note 6-i-a) | 329,520 | 207,572 |
| Unearned interests on receivables from related parties | (31,921) | (764) |
| Trade Receivables From Related Parties | 1,707,631 | 297,633 |
| Total Short-Term Trade Receivables | 41,173,630 | 65,243,742 |

Maturity schedule of notes receivable as of 31.12.2014 and 2013 are as following::

| | 31.12.2014 | 31.12.2013 |
|--------------|-------------------|-------------------|
| 1-30 days | 89,629 | 67,623 |
| 31-60 days | 90,000 | 75,949 |
| 61-90 days | 90,223 | - |
| 91-120 days | 59,668 | - |
| 121-150 days | - | 32,000 |
| 151-180 days | - | 32,000 |
| | 329,520 | 207,572 |

As of 31.12.2014 and 2013, movement of provision for doubtful receivables is as following:

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Opening balance | 251,802 | 212,837 |
| Offsetting of balances that can not be collected (*) | (78,731) | - |
| Provision for the period | 74,133 | 38,965 |
| Closing balance | 247,204 | 251,802 |

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

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Short Term Trade Payables

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Trade payables | 86,094,721 | 63,806,934 |
| Unearned interests on trade payables | (636,655) | (816,370) |
| Notes payables | 9,091,834 | 7,878,600 |
| Unearned interests on notes payables | (55,845) | (71,779) |
| Expense accruals | 20,896 | 26,899 |
| Trade Payables From Third Parties | 94,514,951 | 70,824,284 |
| Due to related parties (Note 6-i-b) | 5,180,189 | 754,547 |
| Unearned interests on notes payables to related parties (Not 6-i-b) | (988) | (5,958) |
| Trade Payables to Related Parties | 5,179,201 | 748,589 |
| Total short-term trade payables | 99,694,152 | 71,572,873 |

As of 31.12.2014, sureties were given amounting to USD 5,404,851 (TRY 12,533,309) and EUR 970,927 (TRY 2,738,694) 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 31.12.2014 and 2013, maturity breakdown of notes payables are as following:

| | 31.12.2014 | 31.12.2013 |
|---------------|-------------------|-------------------|
| 1 – 30 days | 5,987,947 | 3,865,129 |
| 31 – 60 days | 3,073,887 | 2,705,307 |
| 61 – 90 days | 15,000 | 1,308,164 |
| 91 – 120 days | 15,000 | - |
| | 9,091,834 | 7,878,600 |

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NOTE 8 – FINANCIAL BORROWINGS

| | 31.12.2014 | 31.12.2013 |
|---|--------------------|--------------------|
| Short term financial borrowings: | | |
| TRY borrowings | 810,488 | 719,189 |
| USD borrowings | 166,913,773 | 130,676,921 |
| EUR borrowings | 29,434,781 | 38,894,841 |
| GBP borrowings | 2,132,969 | 1,305,089 |
| Accrued interest of short term financial borrowings: | | |
| USD accrued interest of financial borrowings | 724,106 | 401,926 |
| EUR accrued interest of financial borrowings | 106,859 | 175,489 |
| Short term financial borrowings | 200,122,976 | 172,173,455 |
| Current installments of long-term borrowings: | | |
| Lease Payables: | | |
| USD lease payables, net | 239,423 | 209,318 |
| EUR lease payables, net | 5,865,339 | 4,983,654 |
| Borrowings: | | |
| TRY borrowings | - | - |
| USD borrowings | 7,303,197 | 10,278,181 |
| EUR borrowings | 2,732,223 | 5,322,109 |
| Accrued interest of long term financial borrowings: | | |
| TRY accrued interest of financial borrowings | 15,434 | - |
| USD accrued interest of financial borrowings | 346,480 | 20,887 |
| EUR accrued interest of financial borrowings | 72,802 | 157,135 |
| Current installments of long-term borrowings | 16,574,898 | 20,971,284 |
| Long term lease payables: | | |
| USD lease payables, net | 41,115 | 258,207 |
| EUR lease payables, net | 11,675,999 | 14,548,613 |
| Long term borrowings: | | |
| USD borrowings | 10,035,837 | 6,385,373 |
| EUR borrowings | 56,122,465 | 19,866,237 |
| Long term financial borrowings | 77,875,416 | 41,058,430 |
| Total financial liabilities | 294,573,290 | 234,203,169 |

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As of 31.12.2014 and 2013, maturity analyses of borrowings and other financial borrowings are as following:

| | 31.12.2014 | 31.12.2013 |
|-----------------------|--------------------|--------------------|
| Within 3 month | 67,496,284 | 90,030,154 |
| Between 3 - 12 months | 141,831,147 | 97,166,176 |
| Between 1 - 5 years | 66,158,302 | 26,251,610 |
| | 275,485,733 | 213,447,940 |

As of 31.12.2014 and 31.12.2013, maturity schedule of long term bank borrowings are as following:

| | 31.12.2014 | 31.12.2013 |
|-------------------|-------------------|-------------------|
| Between 1-2 years | 10,305,612 | 11,707,482 |
| Between 2-3 years | 2,732,224 | 5,322,109 |
| Between 3-4 years | 10,886,147 | 5,322,109 |
| Between 4-5 years | 12,693,150 | 3,899,910 |
| Between 5-6 years | 29,541,169 | - |
| | 66,158,302 | 26,251,610 |

As of 31.12.2014, effective interest rates for USD, EUR and GBP bank loans are 3.18%, 4.16% and 3.03%. (31.12.2013: USD-2.64%, EUR-3.74 % and GBP-3.80%).

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

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

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 147,700,000 (TRY 342,501,530), EUR 21,000,000 (TRY 59,234,700) and TRY 73,170,000.

As of 31.12.2014 and 2013, details of financial leasing borrowings of group are as follows:

| | 31.12.2014 | 31.12.2013 |
|-------------------------------------|-------------------|-------------------|
| Short term lease payables | 6,764,691 | 5,949,073 |
| Cost of deferred lease payables (-) | (659,929) | (756,101) |
| | 6,104,762 | 5,192,972 |
| | 31.12.2014 | 31.12.2013 |
| Long term lease payables | 12,328,066 | 15,897,372 |
| Cost of deferred lease payables (-) | (610,952) | (1,090,552) |
| | 11,717,114 | 14,806,820 |

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

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

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

| | Lease Payables | Cost of deferred lease payables | Total liabilities |
|---------------------|-----------------------|--|------------------------------|
| 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 |
| | 21,846,445 | (1,846,653) | 19,999,792 |

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Deposit and guarantees given | 44,083 | 250,918 |
| VAT return receivables | 3,828,462 | 4,249,319 |
| Sundry debtors | - | 2,922,042 |
| Other Receivables from Third Parties | 3,872,545 | 7,422,279 |
| Due from shareholders (Note 6-i-d) | 31,524,587 | 37,962,308 |
| Due from related parties (Note 6-i-c) | 60,745,027 | 39,169,464 |
| Other Receivables from Related Parties | 92,269,614 | 77,131,772 |
| | 96,142,159 | 84,554,051 |

As of 31 December 2014, non-trade receivables from related parties comprise 18.95% of total current assets and 11.96% of total assets. (As of 31 December 2013, it composes 20.26% of the total current assets and 12.09% of total assets).

The amount of TRY 31,461,273 from shareholders consists of financial receivables from Osman Akça Tarım Ürün. İth. İhr. San. Ve Tic. A.Ş. and is not based on any type of protocol. The amount has been exhibiting increases and decreases in the period, interest for the amount is calculated and reflected to the accompanying consolidated financial statements. For the period of 01.01-31.12.2014, the calculated interest for the amount, TRY 10,644,212 is listed on the accompanying income statement. Concerning interest rates are 10.50 % for TRY (01.01-14.12.2014: 11.75 %), 5.65 % for USD, 3.95 % for EUR and GBP per year.

Other Non-Current Receivables

| | 31.12.2014 | 31.12.2013 |
|-------------------------------|-------------------|-------------------|
| Deposits and guarantees given | 26,184 | 14,694 |
| | 26,184 | 14,694 |

Other Current Payables

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Deposit and guarantees received | 6,000 | 6,000 |
| Taxes and funds payables | 1,836,158 | 991,018 |
| Sundry payables | - | 1,949 |
| Other Payables from Third Parties | 1,842,158 | 998,967 |
| Due to shareholders (Note 37-i-e) | 98,828 | 698,391 |
| Due to related parties (Note 37-i-f) | 60,922 | 528,896 |
| Other Payables from Related Parties | 159,750 | 1,227,287 |
| | 2,001,908 | 2,226,254 |

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NOTE 10 – DERRIVATIVE INSTRUMENTS

| | 31.12.2014 | 31.12.2013 |
|-------------------------------------|-------------------|-------------------|
| Income accrual of forward exchange | 1,614,300 | 696,738 |
| | 1,614,300 | 696,738 |
| | 31.12.2014 | 31.12.2013 |
| Expense accrual of forward exchange | 79,825 | 6,164,062 |
| | 79,825 | 6,164,062 |

NOTE 11 – INVENTORIES

| | 31.12.2014 | 31.12.2013 |
|-------------------|--------------------|--------------------|
| Raw materials | 84,238,080 | 69,988,059 |
| Work in progress | 65,553,737 | 41,578,636 |
| Finished goods | 37,940,314 | 28,629,984 |
| Merchandises | 78,508 | 226,208 |
| Other inventories | 602,982 | 563,999 |
| | 188,413,621 | 140,986,886 |

The Group's all inventories are insured.

NOTE 12 – BIOLOGICAL ASSETS

Current biological assets

| | 31.12.2014 | 31.12.2013 |
|----------------------------|-------------------|-------------------|
| Biological assets (tomato) | 4,449,108 | 3,778,127 |
| | 4,449,108 | 3,778,127 |

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

| | 31.12.2014 | 31.12.2013 |
|--------------------------------------|-------------------|-------------------|
| Order advances given | 3,567,984 | 3,148,319 |
| Prepaid expenses | 651,525 | 507,645 |
| Advances given for business purposes | 380,756 | - |
| | 4,600,265 | 3,655,964 |

Long term prepaid expenses

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Advances given for purchases of tangible assets | 303,577 | 2,456,908 |
| Prepaid expenses | 137,944 | 144,311 |
| | 441,521 | 2,601,219 |

Short term deferred income

| | 31.12.2014 | 31.12.2013 |
|-------------------|-------------------|-------------------|
| Advances received | 30,620,959 | 9,547,867 |
| | 30,620,959 | 9,547,867 |

NOTE 14 – CURRENT PERIOD TAX INCOME ASSET

| | 31.12.2014 | 31.12.2013 |
|-------------------------|-------------------|-------------------|
| Prepaid taxes and funds | 5,404,563 | 5,815,114 |
| | 5,404,563 | 5,815,114 |

NOTE 15 – INVESTMENTS VALUED WITH EQUITY PICK-UP METHOD

As of 31.12.2014 and 2013, the companies is as follows;

| | 31.12.2014 | Share (%) | 31.12.2013 | Share (%) |
|--|--------------------|----------------------|--------------------|----------------------|
| Akça Enerji Üretim Otoprodüktör A.Ş. | 1,597,815 | 20% | 2,627,460 | 20% |
| Menderes Tekstil Pazarlama A.Ş. | 10,114,830 | 45% | 10,390,720 | 45% |
| Aktur Araç Muayene İstasyon İşletmeleri A.Ş. | 107,359,554 | 48% | 94,317,255 | 48% |
| Tan Elektrik Üretim A.Ş. | 540,440 | 21% | 2,750,000 | 21% |
| | 119,612,639 | | 110,085,435 | |

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The total assets, liabilities and owner's equity of the investments which are evaluated by the help of the equity pick up method with the summary income statement related to the periods ended 31.12.2014 and 2013 are as follows:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

| | 31.12.2014 | 31.12.2013 |
|-------------------------|-------------------|-------------------|
| Current Assets | 19,047,886 | 12,326,427 |
| Non-current Assets | 70,963,871 | 44,992,402 |
| Total Assets | 90,011,757 | 57,318,829 |
| Current liabilities | 59,992,669 | 43,910,762 |
| Non-current liabilities | 22,030,012 | 270,769 |
| Shareholders' Equity | 7,989,076 | 13,137,298 |
| Total Equities | 90,011,757 | 57,318,829 |
| Sales, net | 266,353 | 387,145 |
| Cost of sales, net | (173,984) | (305,140) |
| Net profit / (loss) | (5,140,020) | (7,192,449) |

As of 31 December 2014, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. has construction in progress amounting to TRY 21,516,916 (31 December 2013: TRY 24,117,732).

Menderes Tekstil Pazarlama A.Ş.

| | 31.12.2014 | 31.12.2013 |
|-------------------------|-------------------|-------------------|
| Current Assets | 19,068,071 | 15,789,992 |
| Non-current Assets | 7,703,527 | 5,166,250 |
| Total Assets | 26,771,598 | 20,956,242 |
| Current liabilities | 4,068,670 | 690,545 |
| Non-current liabilities | 225,527 | 106,936 |
| Shareholders' equity | 22,477,401 | 20,158,761 |
| Total Equities | 26,771,598 | 20,956,242 |
| Sales, net | 76,841,674 | 54,661,428 |
| Cost of sales, net | (73,019,872) | (51,937,046) |
| Net profit / (loss) | (513,288) | 1,844,044 |

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Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

| | 31.12.2014 | 31.12.2013 |
|-------------------------|--------------------|--------------------|
| Current Assets | 26,767,441 | 40,658,792 |
| Non-current Assets | 346,985,775 | 320,064,863 |
| Total Assets | 373,753,216 | 360,723,655 |
| Current liabilities | 46,133,559 | 29,282,961 |
| Non-current liabilities | 103,950,020 | 120,848,480 |
| Shareholders' equity | 223,669,637 | 210,592,214 |
| Total Equities | 373,753,216 | 360,723,655 |
| Sales, net | 215,409,944 | 186,256,433 |
| Cost of sales, net | (179,745,383) | (156,873,508) |
| Net profit / (loss) | 31,080,991 | 32,480,159 |

Tan Elektrik Üretim A.Ş.

| | 31.12.2014 | 31.12.2013 |
|-------------------------|-------------------|-------------------|
| Current Assets | 1,297,413 | 106,006 |
| Non-current Assets | 38,176,256 | 19,071,566 |
| Total Assets | 39,473,669 | 19,177,572 |
| Current liabilities | 30,635,446 | 6,222,982 |
| Non-current liabilities | 6,264,696 | 6,012 |
| Shareholders' equity | 2,573,527 | 12,948,578 |
| Total Equities | 39,473,669 | 19,177,572 |
| Sales, net | 838,418 | -- |
| Cost of sales, net | (1,661,311) | -- |
| Net profit / (loss) | (10,377,662) | 71,355 |

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NOTE 16 – TANGIBLE FIXES ASSETS

| Cost | Land and land improvements | Buildings | Property, plant and equipment | Vehicles | Fixtures and fittings | Construction in progress | Total |
|---|-----------------------------------|-------------------|--------------------------------------|------------------|------------------------------|---------------------------------|--------------------|
| 01 January 2013 Opening | 12,520,203 | 49,883,719 | 198,939,322 | 1,199,613 | 6,295,466 | 17,377,899 | 286,216,222 |
| Additions | 231,718 | 85,750 | 25,359,313 | 812,205 | 969,211 | 29,373,484 | 56,831,681 |
| Disposals | - | - | (10,965,199) | (153,229) | (3,715,380) | - | (14,833,808) |
| Transfers | 16,848,306 | 4,926,825 | 21,639,753 | - | 330,303 | (43,745,187) | - |
| 31 December 2013 closing balance | 29,600,227 | 54,896,294 | 234,973,189 | 1,858,589 | 3,879,600 | 3,006,196 | 328,214,095 |
| Additions | 5,077 | 2,750 | 5,835,334 | 270,754 | 3,481,721 | 26,554,595 | 36,150,231 |
| Disposals | - | - | (2,623,905) | (451,226) | (28,656) | - | (3,103,787) |
| Transfers | 528,716 | 7,649,471 | 20,453,485 | - | 502,132 | (29,133,804) | - |
| 31 December 2014 closing balance | 30,134,020 | 62,548,515 | 258,638,103 | 1,678,117 | 7,834,797 | 426,987 | 361,260,539 |
| Accumulated depreciation | | | | | | | |
| 1 January 2013 Opening balance | 2,164,965 | 12,969,568 | 176,790,327 | 563,574 | 4,905,613 | - | 197,394,047 |
| Additions | 633,673 | 1,033,222 | 8,195,772 | 185,392 | 389,486 | - | 10,437,545 |
| Disposals | - | - | (10,039,311) | (153,229) | (3,695,019) | - | (13,887,559) |
| 31 December 2013 closing balance | 2,798,638 | 14,002,790 | 174,946,788 | 595,737 | 1,600,080 | - | 193,944,033 |
| Additions | 2,017,141 | 1,146,603 | 11,709,294 | 279,930 | 730,308 | - | 15,883,276 |
| Foreign Currency Conversion Differences | - | - | (1,653,097) | - | - | - | (1,653,097) |
| Disposals | - | - | (2,419,321) | (206,900) | (666) | - | (2,626,887) |
| 31 December 2014 closing balance | 4,815,779 | 15,149,393 | 182,583,664 | 668,767 | 2,329,722 | - | 205,547,325 |
| 31.12.2013, Net Book Value | 26,801,589 | 40,893,504 | 60,026,401 | 1,262,852 | 2,279,520 | 3,006,196 | 134,270,062 |
| 31.12.2014, Net Book Value | 25,318,241 | 47,399,122 | 76,054,439 | 1,009,350 | 5,505,075 | 426,987 | 155,713,214 |

As of 31 December 2014, the depreciation expense of tangible fixed assets for the period is TRY 15,883,276 (31 December 2013: TRY 10,437,545).

As of 31 December 2014, fixed assets are insured for TRY 177,740,222 and EUR 11,382,080 (TRY 32,105,433) (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 342,501,530), EUR 21,000,000 (TRY 59,234,700) and TRY 73,170,000.

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NOTE 17 – INTANGIBLE ASSETS

| Cost | Rights | Research and developmen t expenses | Other intangibile assets | Total |
|---------------------------------------|---------------|---|---|----------------|
| 01 January 2013 Opening | 27,720 | 163,323 | 539,345 | 730,388 |
| Additions | - | 188,109 | 83,574 | 271,683 |
| Disposals | - | (351,432) | (325,363) | (676,795) |
| 31 December 2013 closing balance | 27,720 | - | 297,556 | 325,276 |
| Additions | - | - | 42,497 | 42,497 |
| Disposals | - | - | (140,714) | (140,714) |
| 31 December 2014 closing balance | 27,720 | - | 199,339 | 227,059 |
| Accumulated depreciation | | | | |
| 1 January 2013 Opening balance | 6,797 | 2,732 | 297,967 | 307,496 |
| Additions | 9,350 | - | 96,428 | 105,778 |
| Disposals | - | (2,732) | (251,926) | (254,658) |
| 31 December 2013 closing balance | 16,147 | - | 142,469 | 158,616 |
| Additions | 8,826 | - | 72,991 | 81,817 |
| Disposals | (583) | - | (100,563) | (101,146) |
| 31 December 2014 closing balance | 24,390 | - | 114,897 | 139,287 |
| 31.12.2013, Net Book Value | 11,573 | - | 155,087 | 166,660 |
| 31.12.2014, Net Book Value | 3,330 | - | 84,442 | 87,772 |

As of 31 December 2014, the amortization expense of intangible fixed assets for the period is TRY 81,817 (31 December 2013: TRY 105,778).

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2014 and 2013 the Group's guarantee / pledge / mortgage position are as following:

| Guarantees, security and mortgage (GSM) given by the Group | 31.12.2014 | 31.12.2013 |
|--|--------------------|--------------------|
| A. Total Amount of GSM given on behalf of legal entity | 845,138,611 | 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. Total Amount of GSM given for the Parent Company | None | 211,295,700 |
| ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses | 12,906,037 | 207,167,080 |
| iii. Total Amount of GSM Given for Third Parties not Included in C Clause | None | None |
| Total | 858,056,108 | 960,818,830 |

As of 31 December 2014, ratio which is other GSM given by the Group over its equity is 4% (31.12.2013: 142%).

Group has given joint and collective guarantee at most USD 5,565,586 (TRY 12,906,037) 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))

There are not any sum of loans guaranteed bail by the Group in favor of related parties. (31 December 2013: USD 91,500,000 (TRY 195,288,450)). The Group's related parties are not guarantors of credit agreements signed by the Group. (31.12.2013: 99,000,000 USD (TRY 211,295,700)).

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As of 31 December 2014, details of mortgage on lands and buildings are as following:

| | FX type | FX amount | FX rate | TRY Equivalent |
|-------------------------------------|---------|-------------|---------|--------------------|
| Türkiye Vakıflar Bankası T.A.O | TRY | 71,570,000 | 1.0000 | 71,570,000 |
| Türkiye Vakıflar Bankası T.A.O | USD | 147,700,000 | 2.3189 | 342,501,530 |
| 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 | 2.8207 | 59,234,700 |
| | | | | 474,906,230 |

As of 31 December 2014, details of the guarantee letters given are as following:

| Details of Guarantee Letters Given | FX type | FX amount | FX rate | TRY Equivalent |
|------------------------------------|---------|-----------|---------|-------------------|
| Electricity Distribution Company | TRY | 1,034,111 | 1.0000 | 1,034,111 |
| Tax Office | TRY | 17,250 | 1.0000 | 17,250 |
| Custom Office | TRY | 5,734,506 | 1.0000 | 5,734,506 |
| Credit Guarantee | USD | 1,115,000 | 2.3189 | 2,585,574 |
| Other | TRY | 1,847,806 | 1.0000 | 1,847,806 |
| | | | | 11,219,247 |

| Bank Details of Guarantee Letters Given | FX type | FX amount | FX rate | TRY Equivalent |
|---|---------|-----------|---------|-------------------|
| Türkiye Vakıflar Bankası T.A.O. | TRY | 5,841,299 | 1.0000 | 5,841,299 |
| 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 | 2.3189 | 2,585,574 |
| | | | | 11,219,247 |

As of 31.12.2014, bank has given guarantees for trade payables of USD 5,404,851 (TRY 12,533,309) and EUR 970,927 (TRY 2,738,694) (31.12.2013: USD 1,366,619 (TRY 2,916,775) and EUR 854,908 (TRY 2,510,437)).

As of 31.12.2014, Group has deposit blockage within 3 months amount of and TRY 20,000,000 and USD 1,850,000 (TRY 4,289,965) for bank loans used from Şekerbank T.A.Ş and TRY 35,000,000 for bank loans used from Odeabank 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 | 35,000,000 | 2.3189 | 81,161,500 | |
| Şekerbank A.Ş. | TRY | 17,000,000 | 1.0000 | 17,000,000 | |
| Şekerbank A.Ş. | EUR | 9,500,000 | 2.8207 | 26,796,650 | |
| Tekstilbank | USD | 3,490,000 | 2.3189 | 8,092,961 | |
| Vakıfbank A.Ş. | USD | 5,200,000 | 2.3189 | 12,058,280 | |
| Alternatif Bank A.Ş. | USD | 6,000,000 | 2.3189 | 13,913,400 | |
| Denizbank A.Ş. | USD | 9,000,000 | 2.3189 | 20,870,100 | |
| Eximbank A.Ş. | USD | 42,700,000 | 2.3189 | 99,017,030 | |
| | | | | 352,009,921 | |
| Guarantee Checks Given | Bank Name | FX type | FX amount | FX rate | TRY equivalent |
| Ekspo Factoring A.Ş. | Şekerbank T.A.Ş. | USD | 2,200,000 | 2.3189 | 5,101,580 |
| | | | | | 5,101,580 |
| Guarantee Notes Given | | FX type | FX amount | FX rate | TRY equivalent |
| Eximbank | | USD | 825,000 | 2.3189 | 1,913,093 |
| | | | | | 1,913,093 |
| Bond | Bank Name | FX type | FX amount | FX rate | TRY equivalent |
| Türk Eximbank | Türkiye Vakıflar Bankası T.A.O. | USD | 5,000,000 | 2.3189 | 11,594,500 |
| Türk Eximbank | Denizbank A.Ş. | USD | 5,250,000 | 2.3189 | 12,174,225 |
| Türk Eximbank | Şekerbank T.A.Ş. | USD | 3,650,000 | 2.3189 | 8,463,985 |
| Türk Eximbank | Finansbank A.Ş. | USD | 1,000,000 | 2.3189 | 2,318,900 |
| Türk Eximbank | Halkbank A.Ş. | USD | 4,050,000 | 2.3189 | 9,391,545 |
| Türk Eximbank | Alternatif Bank A.Ş. | USD | 1,000,000 | 2.3189 | 2,318,900 |
| Türk Eximbank | Türkiye Finans Katılım Bankası A.Ş. | USD | 1,400,000 | 2.3189 | 3,246,460 |
| Türk Eximbank | Albarakaturk | USD | 750,000 | 2.3189 | 1,739,175 |
| Türk Eximbank | Turkland Bank | USD | 750,000 | 2.3189 | 1,739,175 |
| | | | | | 52,986,865 |

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NOTE 19 – SHORT TERM PROVISIONS

Other short term provisions

| | 31.12.2014 | 31.12.2013 |
|-------------------------------------|-------------------|-------------------|
| Provision for the court cases | 260,200 | 356,325 |
| Provision for unused personel leave | 1,252,310 | - |
| | 1,512,510 | 356,325 |

Provisions for Employee Benefits

| | 31.12.2014 | 31.12.2013 |
|-----------------------------|-------------------|-------------------|
| Provision for severance pay | 9,612,627 | 6,392,684 |
| | 9,612,627 | 6,392,684 |

For the period 01 January – 31 December 2014, average personnel number including subcontractors employed by the Group is 4,378. The rate of retirement probability used is 95%.

For the period ended at 31.12.2014 and 2013, the movement schedule of severance pay provision is as following;

| | 31.12.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Balance of 1 January | 6,392,684 | 5,667,560 |
| Increase in the period | 868,861 | 3,074,348 |
| Interest cost | 1,272,959 | 306,543 |
| Payments | (2,526,312) | (3,053,313) |
| Actuarial profit/(loss) | 3,604,435 | 397,546 |
| Balance at the end of the period | 9,612,627 | 6,392,684 |

NOTE 20 – EMPLOYEE BENEFITS LIABILITIES

| | 31.12.2014 | 31.12.2013 |
|------------------------------------|-------------------|-------------------|
| Due to personnel | 4,038,455 | 2,557,956 |
| Social security deductions payable | 1,680,325 | 855,109 |
| | 5,718,780 | 3,413,065 |

NOTE 21 – OTHER CURRENT ASSETS AND LIABILITIES

Other current assets

| | 31.12.2014 | 31.12.2013 |
|---------------------|-------------------|-------------------|
| VAT carried forward | 16,138,603 | 11,518,344 |
| | 16,138,603 | 11,518,344 |

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NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

As of 31 December 2014, Company'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 31 December 2014 and 2013, Company's paid in capital is as follows:

| Shareholders: | 31.12.2014 | | 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 |
| Total | 100.00% | 250,000,000 | 100.00% | 250,000,000 |

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

22.2 Capital Adjustment Differences

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Inflation adjustment difference in capital | 485,133 | 485,133 |
| | 485,133 | 485,133 |

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

22.3.1 Actuarial Benefit/ (Loss) of the Retirement Plans

| | 31.12.2014 | 31.12.2013 |
|---|--------------------|-------------------|
| Actuarial benefit/ (loss) of the retirement plans | (1,181,579) | (319,081) |
| | (1,181,579) | (319,081) |

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

22.4.1 Foreign Currency Translation Differences

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|--------------------|
| Foreign Currency Translation Differences | - | (1,091,445) |
| | - | (1,091,445) |

22.5 Restricted Reserves

| | 31.12.2014 | 31.12.2013 |
|----------------|-------------------|-------------------|
| Legal reserves | 9,754,762 | 8,507,915 |
| | 9,754,762 | 8,507,915 |

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

Profit Distribution

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

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

Of subsidiaries profit distribution policies:

Profit not distributed,

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

Methods of payment and time,

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

Distributed profit share advance issues not regulated.

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

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

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

Shares of companies traded on the stock exchange:

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

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

Statement of profit distribution or dividend advance distribution table

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

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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.

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

| 31 December 2014 | Total Shareholders’ Equity | Profit/(Loss) of the Period | Parent Company Share | Minority Interest | Minority part of Shareholders’ Equity | Minority part of Profit/(Loss) |
|-------------------------|-----------------------------------|------------------------------------|-----------------------------|--------------------------|--|---------------------------------------|
| Smryna | 11,528,944 | (2,317,471) | 79% | 21% | 1,912,767 | (482,807) |
| | | | | | 1,912,767 | |
| 31 December 2013 | Total Shareholders’ Equity | Profit/(Loss) of the Period | Parent Company Share | Minority Interest | Minority part of Shareholders’ Equity | Minority part of Profit/(Loss) |
| Menderes Bulgaria | (2,583,924) | - | 90% | 10% | (258,392) | - |
| Smryna | 11,911,935 | (370,561) | 79% | 21% | 2,404,454 | (77,200) |
| | | | | | 2,146,062 | |

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NOTE 23 – SALES AND COST OF SALES

23.1 Sales

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|----------------------------|-------------------------------|-------------------------------|
| Domestic sales | 133,206,939 | 102,402,854 |
| Export sales | 470,204,306 | 384,818,567 |
| Other sales | 1,487,320 | 792,428 |
| | 604,898,565 | 488,013,849 |
| Sales returns | (1,505,962) | (5,692,993) |
| Sales discounts | (29,665) | (27,156) |
| Sales Income, (net) | 603,362,938 | 482,293,700 |

23.2 Cost of Sales

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------|-------------------------------|
| Direct material cost | 425,432,697 | 342,298,502 |
| Direct labor cost | 90,761,337 | 61,997,624 |
| General production overheads | 19,352,241 | 12,978,280 |
| Depreciation expenses | 13,192,911 | 8,556,369 |
| <u>Change in semi-finished goods</u> | | |
| 1. Beginning inventory (+) | 41,578,636 | 40,051,875 |
| 2. Ending inventory (-) | (65,553,737) | (41,578,636) |
| Cost of finished goods produced | 524,764,085 | 424,304,014 |
| <u>Change in finished goods inventory</u> | | |
| 1. Beginning inventory (+) | 28,629,984 | 11,551,256 |
| 2. Ending inventory (-) | (37,940,314) | (28,629,984) |
| Cost of finished goods sold | 515,453,755 | 407,225,286 |
| <u>Cost of merchandise</u> | | |
| 1. Beginning Merchandise Inventory (+) | 226,208 | 255,339 |
| 2. Purchases During the Period (+) | 7,701,581 | 11,085,687 |
| 3. Ending Merchandise Inventory (-) | (78,508) | (226,208) |
| Cost of merchandise sold | 7,849,281 | 11,114,818 |
| Cost of other service rendered | 622,330 | 976,500 |
| Cost of biological assets | 6,796,418 | 2,575,447 |
| Depreciation of biological assets | 2,237,566 | 774,225 |
| Cost of sales, net | 532,959,350 | 422,666,276 |

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As of 01 January – 31 December 2014 and 2013, for each main sales group, quantities of goods and services:

| | Unit | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|-----------------------------------|----------------|-------------------------------|-------------------------------|
| Yarn | Kg | 3,944,206 | 1,305,048 |
| Raw clothing | M ² | 17,197 | - |
| Finishing cloth | M ² | 20,536,317 | 23,138,974 |
| Lining | M ² | 23,770,945 | 24,801,286 |
| Linens, sheets, curtains, pillows | Unit | 20,042,268 | 18,430,155 |
| Electricity | KWH | 789,050 | 1,708,564 |
| Cotton waste | Kg | 718,240 | 817,761 |
| Piece of cloth | Kg | 4,775,345 | 4,085,050 |
| Cotton cloth | Kg | 1,217,540 | 1,091,795 |
| Textile trash powder | Kg | 69,700 | 99,280 |
| Tomato | Kg | 5,569,620 | 2,559,407 |

As of 01 January – 31 December 2014 and 2013, for each main production group, quantities of goods and services:

| | Unit | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|-----------------------------------|----------------|-------------------------------|-------------------------------|
| Yarn | Kg | 13,134,417 | 10,061,861 |
| Raw clothing | M ² | 132,237,610 | 123,136,024 |
| Finishing cloth | M ² | 198,085,742 | 182,531,539 |
| Lining | M ² | 25,269,090 | 25,828,477 |
| Linens, sheets, curtains, pillows | Unit | 20,078,934 | 19,006,903 |
| Electricity | KWH | 78,566,001 | 81,266,377 |
| Cotton waste | Kg | 720,317 | 529,971 |
| Piece of cloth | Kg | 4,422,102 | 4,985,961 |
| Cotton cloth | Kg | 1,217,630 | 1,100,279 |
| Textile trash powder | Kg | 69,700 | 99,280 |
| Tomato | Kg | 5,569,620 | 2,559,407 |

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

| | 01.01.- | 01.01.- |
|--|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 |
| Research and development expenses | 2,100 | 352,537 |
| Marketing, sales and distribution expenses | 12,106,735 | 10,715,740 |
| General administrative expenses | 10,332,071 | 5,701,580 |
| | 22,440,906 | 16,769,857 |

24.1 Marketing, sales and distribution expenses:

| | 31.12.2014 | 31.12.2013 |
|---------------------------------|-------------------|-------------------|
| Personnel expenses | 1,699,480 | 818,126 |
| Export expenses | 7,919,892 | 7,003,837 |
| Transportation of domestic sale | 1,749,541 | 931,230 |
| Depreciation expenses | 51,499 | 36,606 |
| Other expenses | 686,323 | 154,738 |
| | 12,106,735 | 8,944,537 |

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24.2 General administrative expenses:

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------------|-------------------------------------|
| Personnel expenses | 3,560,930 | 1,865,808 |
| Insurance expenses | 802,916 | 746,673 |
| Representation and accommodation expenses | 209,130 | 137,259 |
| Communication expenses | 127,516 | 123,642 |
| Rent expenses | 191,907 | 198,395 |
| Education and consultancy expenses | 185,173 | 134,535 |
| General administrative material consumption | 262,561 | 254,510 |
| Capital market expenses | 62,500 | 62,500 |
| Repair and maintenance expenses | 20,283 | 87,454 |
| Traveling expenses | 294,857 | 431,883 |
| Chamber fee expenses | 21,338 | 22,135 |
| Tax and duty expenses | 550,359 | 368,148 |
| Shares in holding cost (*) | 298,704 | 149,744 |
| Notary and insurance expenses | 23,283 | 26,490 |
| Aid and donation expenses | 92,338 | 422,906 |
| Consulting expenses | 198,344 | 268,815 |
| Electricity expenses | 296,535 | 281,664 |
| Lawsuit expenses and provisions | 116,432 | 310,286 |
| Severance pay provision expenses | 2,121,171 | 21,035 |
| Doubtful receivable provisions | 74,133 | 38,965 |
| Depreciation expenses | 483,117 | 1,176,123 |
| Office rent expenses | 42,000 | 42,000 |
| Other expenses | 296,544 | 301,813 |
| | 10,332,071 | 7,472,783 |

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

NOTE 25 – INCOME/ EXPENSE FROM OTHER OPERATIONS

25.1 Income From Other Operations

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------------|-------------------------------------|
| Reversal of unnecessary provision | 126,085 | - |
| Foreign exchange gain | 12,801,195 | 6,896,942 |
| Discount income / expenses on trade payables, net | 1,110,979 | 1,211,087 |
| Prior period income and profit | 105,330 | 194,559 |
| SGK incentive income | 2,900,977 | 1,771,947 |
| Incentive and support income | 1,078,518 | 425,961 |
| Other income and profit (*) | 192,622 | 494,430 |
| | 18,315,706 | 10,994,926 |

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25.2 Other Operating Expenses (-)

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------|-------------------------------|
| Commissions expenses | (22,146,103) | (18,781,225) |
| Foreign exchange losses | (9,880,096) | (2,709,377) |
| Discount income / (expenses) on trade receivables | (1,075,769) | (810,109) |
| Other expenses and losses | (175,494) | (346) |
| | (33,277,462) | (22,301,057) |

NOTE 26 – INVESTMENT ACTIVITIES INCOME / EXPENSE

26.1 Investment Activities Income

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--------------------------------|-------------------------------|-------------------------------|
| Rent income | 285,802 | 259,645 |
| Profit on sale of fixed assets | 397,377 | 563,442 |
| | 683,179 | 823,087 |

26.2 Investment Activity Expense

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--------------------------------|-------------------------------|-------------------------------|
| Losses on sale of fixed assets | (69,179) | - |
| | (69,179) | - |

26.3 Profit / Loss From Investments Evaluated by Equity Method

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------|-------------------------------|
| Shares Related with Investment Valued by the Equity Method | 9,527,204 | 8,649,640 |
| | 9,527,204 | 8,649,640 |

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NOTE 27 – FINANCIAL INCOME / EXPENSES

27.1 Financial Income

| | 01.01.- | 01.01.- |
|---|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 |
| Interest income | 583,956 | 651,475 |
| Maturity differences due from related parties (6-iii-f) | 15,827,156 | 8,804,848 |
| Foreign exchange income | 4,713,632 | 11,008,715 |
| Foreign exchange gain from related parties (6-iii-e) | 6,763,343 | 34,797,518 |
| Foreign exchange gains arising from future contracts | 3,064,939 | 788,824 |
| | 30,953,026 | 56,051,380 |

27.2 Financial Expenses (-)

| | 01.01.- | 01.01.- |
|--|---------------------|---------------------|
| | 31.12.2014 | 31.12.2013 |
| Interest expenses | (8,918,907) | (5,714,200) |
| Foreign exchange losses | (27,361,039) | (44,304,818) |
| Foreign exchange losses on related parties (6-iii-g) | (366) | (5,100,728) |
| Commission expenses of borrowing | (4,204,467) | (722,255) |
| Commission expenses of letter of guarantees | (68,063) | (48,178) |
| Maturity differences expenses on related parties (6-iii-h) | (204,779) | (1,923,054) |
| Foreign exchange losses arising from futures contracts | (2,035,094) | (8,756,902) |
| Other financial expenses | (48,756) | (825,384) |
| | (42,841,471) | (67,395,519) |

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NOTE 28 – TAX ASSETS AND LIABILITIES

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

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are 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.

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According to this execution, Income and Corporation Taxpayers;

- a. As of 31 December 2005, its existence is subject and the investment allowance amount that was not able to be deducted from 2005 earnings,
- b. In the extent of investment incentive certificate which were issued and based on the application before 24 April 2003, ante abolishment of Income Tax Legislation numbered 193 and dated 09 April 2003 and law numbered 4842, in the extent of certificate the commenced investment projects relying on 1, 2, 3, 4, 5 and 6th the article of appendix and the ones commenced after 01 January 2006,
- c. In the extent of abolished 19th article of Income Tax Legislation numbered 193, the started investments prior to 01 January 2006, in terms of economical and technical completeness the ones started post the date,

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

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

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

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

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

Withholding tax

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

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Deferred Tax:

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

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

| | 31.12.2014 | | 31.12.2013 | |
|--|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | Cumulative temporary differences | Deferred tax / (liability) | Cumulative temporary differences | Deferred tax / (liability) |
| <u>Deferred tax assets:</u> | | | | |
| Rediscount on receivables | 181,662 | 36,333 | 417,491 | 83,498 |
| Severance pay provision | 10,864,937 | 2,172,987 | 6,392,684 | 1,278,537 |
| Reversal of capitalized financial expenses | 9,707,810 | 1,941,562 | 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 | 19,666,963 | 3,933,392 | 21,658,162 | 4,331,632 |
| Tangible fixed assets (land, building, land improvements and depreciations), net | 2,653,971 | 132,699 | 398,131 | 19,907 |
| Financial fixed assets | 2,209,560 | 110,478 | 9,123,573 | 456,179 |
| Provision for the court cases | 214,160 | 42,832 | 310,286 | 62,057 |
| Forward | - | - | 5,467,324 | 1,093,465 |
| Taxable losses | - | - | 349,432 | 69,886 |
| Other | 11,513 | 2,302 | 2,078,255 | 415,651 |
| Deferred tax assets | | 8,555,391 | | 10,167,357 |
| <u>Deferred tax liabilities:</u> | | | | |
| Financial fixed assets | 2,613,191 | 130,660 | - | - |
| Rediscount on payables | 693,488 | 138,698 | 894,107 | 178,822 |
| Foreign exchange differences | 657,261 | 131,452 | 468,432 | 93,686 |
| Forward | 1,534,475 | 306,895 | - | - |
| Other | 64,130 | 12,826 | 42,468 | 8,492 |
| Deferred tax liabilities | | 720,531 | | 281,000 |
| Deferred tax assets/(liabilities), net | | 7,834,860 | | 9,886,357 |

For the period ended 31.12.2014 and 2013 movements of deferred tax assets and liabilities are as following:

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|---|-------------------------------|-------------------------------|
| Current corporation tax | (4,000,888) | (6,487,101) |
| Deferred tax assets/(liabilities), net | (2,267,123) | 2,443,017 |
| | (6,268,011) | (4,044,084) |
| Deferred Tax (Asset) / Liability Movements | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
| Opening balance | 9,886,357 | 7,363,830 |
| Deferred tax expense / (income) | (2,267,123) | 2,443,017 |
| Actuarial (gain) / loss effect prior periods | 215,626 | 79,510 |
| Closing balance | 7,834,860 | 9,886,357 |

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

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Unaudited profit before tax | 13,101,172 | 31,599,224 |
| Total additions to tax base | 11,085,528 | 6,035,064 |
| Total deductions from tax base | (2,365,460) | (2,476,039) |
| Unaudited financial profit | 21,821,240 | 35,158,249 |
| Investment allowances | (3,303,270) | (4,950,443) |
| Tax base (20%) | 18,517,970 | 30,207,806 |
| Tax base (9%) | 3,303,270 | 4,950,443 |
| Effective tax rate | 20% | 20% |
| | 9% | 9% |
| Calculated tax (20%) | 3,703,594 | 6,041,561 |
| Calculated tax (9%) | 297,294 | 445,540 |
| Total calculated tax | 4,000,888 | 6,487,101 |
| Tax provision in the income statements | (4,000,888) | (6,487,101) |

NOTE 29 – EARNINGS PER SHARE

| | 01.01.- 31.12.2014 | 01.01.- 31.12.2013 |
|--|-------------------------------------|-------------------------------------|
| Net profit / (loss) for the period | 24,985,674 | 25,635,940 |
| Weighted-average number of shares outstanding (per share with TRY 1 value) | 250,000,000 | 250,000,000 |
| Profit per share (TRY) | 0.0999 | 0.1025 |

NOTE 30 – FINANCIAL INSTRUMENTS

| | 31.12.2014 | 31.12.2013 |
|------------------------------|-------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents | 124,275,728 | 59,971,644 |
| Trade receivables | 41,173,630 | 65,243,742 |
| Financial assets | 4,809,201 | 4,570,577 |
| Financial liabilities | | |
| Borrowings | 276,751,414 | 214,203,377 |
| Lease payables | 17,821,876 | 19,999,792 |
| Other payables | 2,001,908 | 2,226,254 |
| Trade payables | 99,694,152 | 71,572,873 |

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

Financial Instruments

Credit Risk

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

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

As of 31 December 2014, maximum net credit risk is as following:

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

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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 | Third Party | |
| Maximum net credit risk as of balance sheet date (A+B+C+D+E) | 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 |
| | - | 2,922,042 |

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

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

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

| Maturities according to agreement | Book Value | Contractual Total cash outflow (=I+II+III) | Less than 3 months (I) | 3 – 12 months (II) | 1- 5 Years (III) |
|--|--------------------|---|-----------------------------------|-------------------------------|-----------------------------|
| Financial Liabilities Non Derivatives | 308,002,296 | 313,675,588 | 161,430,046 | 109,150,868 | 43,094,674 |
| 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 | - |
| | 308,002,296 | 313,675,588 | 161,430,046 | 109,150,868 | 43,094,674 |

Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 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 1,543,993.

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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 31 December 2014, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 28,377,867 more / less.

| | Profit / Loss | | Shareholders Equity | |
|-------------------------------------|--|--|--|--|
| | Appreciation of foreign currency against TRY | Depreciation of foreign currency against TRY | Appreciation of foreign currency against TRY | Depreciation of foreign currency against TRY |
| | In the case of increasing / losing value of TRY by 10% against USD | | | |
| 1-USD net asset / liability | (18,607,607) | 18,607,607 | - | - |
| 2-Part of hedged from USD risk (-) | - | - | - | - |
| 3-USD net effect (1+2) | (18,607,607) | 18,607,607 | - | - |
| | In the case of increasing / losing value of TRY by 10% against EUR | | | |
| 4- EUR net asset / liability | (10,142,814) | 10,142,814 | - | - |
| 5- Part of hedged from EUR risk (-) | - | - | - | - |
| 6-EUR net effect (4+5) | (10,142,814) | 10,142,814 | - | - |
| | In the case of increasing / losing value of TRY by 10% against GBP | | | |
| 7- GBP net asset / liability | 372,554 | (372,554) | - | - |
| 8- Part of hedged from GBP risk (-) | - | - | - | - |
| 9- GBP net effect 7+8) | 372,554 | (372,554) | - | - |
| TOTAL (3+6+9) | (28,377,867) | 28,377,867 | - | - |

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 | | Shareholders Equity | |
|-------------------------------------|--|--|--|--|
| | Appreciation of foreign currency against TRY | Depreciation of foreign currency against TRY | Appreciation of foreign currency against TRY | Depreciation of foreign currency against TRY |
| | In the case of increasing / losing value of TRY by 10% against USD | | | |
| 1-USD net asset / liability | (16,588,927) | 16,588,927 | - | - |
| 2-Part of hedged from USD risk (-) | - | - | - | - |
| 3-USD net effect (1+2) | (16,588,927) | 16,588,927 | - | - |
| | In the case of increasing / losing value of TRY by 10% against EUR | | | |
| 4- EUR net asset / liability | (2,644,990) | 2,644,990 | (775,223) | 775,223 |
| 5- Part of hedged from EUR risk (-) | - | - | - | - |
| 6-EUR net effect (4+5) | (2,644,990) | 2,644,990 | (775,223) | 775,223 |
| | 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 (-) | - | - | - | - |
| 9- GBP net effect 7+8) | 123,934 | (123,934) | - | - |
| TOTAL (3+6+9) | (19,109,983) | 19,109,983 | (775,223) | 775,223 |

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

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

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

| | TRY Equivalent (Functional Unit) | USD | 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 | - |
| 4. Current Assets (1+2+3) | 90,317,971 | 11,792,035 | 21,255,564 | 778,398 |
| 5. Trade Receivables | - | - | - | - |
| 6a. Monetary financial receivables | - | - | - | - |
| 6b. Non-monetary financial assets | 180,947 | - | 61,620 | - |
| 7. Other | - | - | - | - |
| 8. Non-Current Assets (5+6+7) | 180,947 | - | 61,620 | - |
| 9. Total Assets (4+8) | 90,498,918 | 11,792,035 | 21,317,184 | 778,398 |
| 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 | - |
| 13. Current Liabilities (10+11+12) | 240,540,315 | 86,404,643 | 18,604,789 | 425,449 |
| 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 | - | - | - | - |
| 17. Non-Current Liabilities (14+15+16) | 41,058,430 | 3,112,768 | 11,719,683 | - |
| 18. Total Liabilities (13+17) | 281,598,745 | 89,517,411 | 30,324,472 | 425,449 |
| 19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b) | - | - | - | - |
| 19a. Off-balance sheet foreign currency derivative assets | - | - | - | - |
| 19b. Off-balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset / liabilities (9-18+19) | (191,099,827) | (77,725,376) | (9,007,288) | 352,949 |
| 21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (222,806,402) | (78,776,578) | (19,040,659) | 352,949 |
| 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 valuated with average rate of exchange

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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 31.12.2014 and 2013 net debt / total equity ratio is as follows:

| | 31.12.2014 | 31.12.2013 |
|-----------------------------|-------------------|-------------------|
| Total debts | 448,535,470 | 340,644,400 |
| Liquid assets | (124,275,728) | (59,971,644) |
| Net debt | 324,259,742 | 280,672,756 |
| Total equity | 322,922,429 | 297,452,214 |
| Total capital | 647,182,171 | 578,124,970 |
| Net Debt/Total Equity ratio | 50% | 49% |