(CONVENIENCE TRANSLATION OF THE REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

DURAN DOĞAN BASIM VE AMBALAJ SANAYI A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 AND INDEPENDENT AUDITORS' REPORT



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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To The Board of Directorof Duran Doğan Basım ve Ambalaj Sanayi A.S.

We have audited the accompanying consolidated statement of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (the "Company") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other 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 information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. and its subsidiaries as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Reports on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2016 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 13 March 2017.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Selçuk Ürkmez Partner

İstanbul, 13 March 2017

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AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

:			As Restated	As Restated
•	•	Current Period	Prior Period	Prior Period
		31 December	31 December	31 December
•	Notes	2016	2015	2014
ASSETS				-
Current Assets		50.740.103	44.213.860	48.221.173
Cash and Cash Equivalents	27	8.723.026	10.612.034	10.679.098
Trade Receivables		19.577.432	18.916.767	17.551.709
Trade Receivables from Related Parties	5-6	-	10.696	10.576
Trade Receivables from Third Parties	6	19.577.432	18.906.071	17.541.133
Other Receivables		46.407	23.383	63.552
Other receivables from Third Parties	7	46.407	23.383	63.552
Inventories	8	18.216.091	12.828.995	18.074.344
Prepaid Expenses	9	1.065.341	646.760	899.101
Other Current Assets	14	3.111.806	1.185.921	.953.369
Non-Current Assets	-	61.491.501	65.637.208	54.012.357
Other Receivables		286.803	253.041	145.896
Other Receivables from Third Parties	7	286.803	253.041	145.896
Property, Plant and Equipment	10	60.086.941	64.235.232	50.879.248
Intangible Assets	11	1.105.022	1.138.680	768.898
Deferred Tax Assets	23	12.735	10.255	2.218.315
TOTAL ASSETS		112.231.604	109.851.068	102.233.530

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

			As Restated	As Restated
		Current Period	Prior Period	Prior Period
		31 December	31 December	31 December
·	Notes	2016	2015	2014
LIABILITIES				
Current Liabilities		64.002.389	52.315.030	46.380.266
Short-Term Borrowings	25	38.141.288	29.349.934	29.427.095
Short-Term Portion of Long-Term Borrowings	25	4.222.063	7.717.838	6.777.287
Other Financial Liabilities	25	1.949.803	1.470.589	493.248
Trade Payables		16.359.513	11.454.382	6.770.173
Trade Payables to Related Parties	5-6	670.179	542.566	583.293
Trade Payables to Third Parties	6	15.689.334	10.911.816	6.186.880
Payables Related to Employee Benefits	13	1.153.614	906.964	763.826
Other Payables			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. 00.1020
Other Payables to Third Parties	7	93.655	23.236	42.037
Deferred Income	9	1.282.644	350.770	724.001
Current Tax Liabilities	23	3.789	-	72.1001
Short-Term Provisions		202.975	171.510	939.486
Short-term Provisions for		202.775	171.510) <u>5</u>). + 00
Employee Benefits	13	194.724	156.319	921.361
Other Short-Term Provisions	12	8.251	15.191	18.125
Other Current Liabilities	14	593.045	869.807	443.113
Non-Current Liabilities		33.339.724	37.204.593	41.528.442
Long-Term Borrowings	25	22.713.401	27.496.200	33.918.045
Other Payables	23	22.713.401	27.490.200	33.710.043
Other Payables to Related Parties	5-7	7.419.800	6.355.200	5.641.400
Deferred Income	9	18.025	66.047	. 5.0-1.400
Long-term Provisions		3.141.695	2.994.246	1.968.997
Long-term Provisions for		3.141.023	2.557.270	1.900.997
Employee Benefits	13	3.141.695	2.994.246	1.968.997
Deferred Tax Liabilities	23	46.803	292,900	_
no.				
EQUITY		14.889.491	20.331.445	14.324.822
Equity Attributable to Owners of the Company	1.5	14.875.034	20.316.987	14.324.567
Share Capital	15	16.575.788	16.575.788	16.575.788
Adjustments to Share Capital		6.436.501	6.436.501	6.436.501
Share Premium		5.220	5.220	5.220
Restricted Reserves Appropriated from Profit	15	325.455	325.455	325.455
Other Comprehensive Income or Expenses		•		
that will not be Reclassified Subsequently to				
Profit or Loss	22	16.381.420	16.506.365	(557.704)
Properties Revaluation Reserves		17.738.889	17.758.214	- .
Actuarial Loss		(1.357.469)	(1.251.849)	(557.704)
Other Comprehensive Income or Expenses		(210071101)	(1122 110 13)	(
that will be Reclassified Subsequently to				
Profit or Loss		(148.210)	(130.002)	(19)
Currency Translation Difference		(148.210)	(130.002)	(19)
Accumulated Losses		(19.383.015)	(8.454.184)	(10.316.240)
Net (loss) / profit for the year		(5.318.125)	(10.948.156)	1.855.566
Non-Controlling Interests		14.457	14.458	255
TOTAL LIABILITIES		112.231.604	109.851.068	102.233.530
- V ALL DI MIDI I ILD			20,000	

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

PROFIT AND LOSS	Notes	Current Period 1 January 31 December 2016	As Restated Prior Period 1 January 31 December 2015
Revenue Cost of sales (-) Gross Profit	16 16	104.055.608 (82.329.172) 21.726.436	90.814.246 (77.347.097) 13.467.149
Administrative expenses (-) Marketing expenses (-) Other income from operating activities Other expenses from operating activities (-)	17 17 19 19	(8.447.902) (7.832.168) 10.636.681 (7.588.058)	(7.420.481) (5.427.897) 12.976.770 (7.568.553)
OPERATING PROFIT	17	8.494.989	6.026.988
Income from investing activities Expenses from investing activities (-) OPERATING PROFIT BEFORE FINANCE EXPENSE	20 20	69.469	64.708 (596) 6.091,100
Finance expenses	21	(14.097.949)	(15.531.074)
LOSS BEFORE TAX	21	(5.533.491)	(9.439.974)
		,	, ,
Tax Expense Current Tax Expense Deferred tax Income / (Expense)	23 23	215.365 (6.807) 222.172	(1.508.202) - (1.508.202)
LOSS FOR THE PERIOD		(5.318.126)	(10.948.176)
Loss for the period attributable to Non-controlling Interests Equity holders of the parent company		(1) (5.318.125) (5.318.126)	(20) (10.948.156) (10.948.176)
Loss per share	24	(0,0032)	(0,0066)
Other Comprehensive Income; Items that will not be reclassified subsequently to profit or loss: Gains on revaluation of property, plant and equipment Remeasurement of defined benefit obligation Income tax relating to items that will not		(105.620) - (132.025)	17.084.782 18.945.221 (867.681)
be reclassified subsequently Items that will be reclassified subsequently		26.405	(992.758)
to profit or loss: Currency Translation Difference		(18.208) (18.208)	(129.983) (129.983)
Other Comprehensive Income / (Loss)		(123.828)	16.954.799
Total Comprehensive Income / (Loss)		(5.441.954)	6.006.623
Total Comprehensive Income / (Loss) Distribution Non-controlling Interests Equity holders of the parent company		(1) (5.441.953)	14.203 5.992.420

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

			ě	committed other comprehensive incom expenses that will not be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		Accumulated Losses	ed Losses			
	Share capital	Share Capital Adjustments	Share premium Re	Share Capital Share Properties Share capital Adjustments premium Reveluation Reserves	Accumulated loss on remeasurement of benefit plans	hated less on assurement of benefit plans Currency Translation Difference	Restricted reserves appropriated from profit	Prior years's (losses) / profit	Net Prior years's (toss)/profit for sses) / profit the year	Equity Net Attributable to t for Owners of the year Company	Non- controlling interests	Total Equity
Balance as at 1 January 2015 (previously reported)	16.575.788	6.436.501	5,220	ı	(557.704)	1	325,455	(9.965,443)	1.855.566	14.675.383	255	14.675.638
Effect of restatement (Note 2.1) Effect of business combinations under common control	,	· '		•	'	(61)	• 1	(350.797)	, ;	(350.816)		(350.816)
Baknee as at 1 January 2015 (restated)	16.575.788	6.436.501	5.220	'	(557.704)	(61)	325.455	(10.316.240)	1,855.566	14.324.567	255	14.324.822
Transfers Total commetentive income	'		 '	•	•	1	•	1.855.566	(1.855.566)		•	'
- Loss on remeasurement of defined benefit plans		•	٠	í	(694.145)	•	•	,		(694.145)	•	(694.145)
 Gains on revaluation of property, plant and equipment 	•	•	1	. 17.764.704	1	•	•	•	•	17,764.704	14.223	17.778.927
- Amortization effect of revaluation gains		٠	1	(6.490)	• `	i	•	6,490			•	•
- Currency translation difference	1	Ī	•	1		(129.983)	•	•	•	(129.983)	٠	(129.983)
- Net loss for the period	`İ		` 			•	ij		(10.948.156)	(10.948.156)	(20)	(10.948.176)
Balance as at 31 December 2015 (restated)	16.575.788	6.436.501	5.220	17.758.214	(1.251.849)	(130.002)	325,455	(8.454,184)	(10.948.156)	20.316.987	14.458	20.331.445

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

						Accumulated other						
			Acc	tumulated other cons	e or	comprehensive income or						
				expenses that will not be reclassified		expenses that will be reclassified						
				subsequently to profit or loss	profit or loss	subsequently to profit or loss.	•	Accumulated Losses	ed Losses			
				-			Restricted			Equity		
					Accumulated loss on		reserves		Ne	Attributable to	Non-	
		Share Capital	Share	Properties	remeasurement of		appropriated	Prior years's	Prior years's (loss)/profit for	Owners of the	controlling	Total
	Share capital	Share capital Adjustments		premium Revaluation Reserves	benefit plans	benefit plans Currency Translation Difference		(losses) / profit	the year	Company	interests	Equity
Rabine os at 1 Jamesey 2016												
(previously reported)	16.575.788	6.436.501	5.220	17.758.214	(1.251.849)	1	325.455	(8.103.387)	(9.372.019)	22.373.923	14.458	22,388,381
Effect of restatement (Note 2.1)	•									•		
Effect of business combinations under common control	•	•		:	ı	(130.002)	•	(350.797)	(1.576.137)	(2.056.936)	•	(2.056.936)
Balance as at 1 January 2016 (restated)	16.575.788	6.436.501	5.220	17.758.214	(1.251.849)	(200.001)	325.455	(8.454.184)	(10.948.156)	20.316.987	14.458	20.331.445
Transfers		<u>'</u>	,	['	,	,	j '	(10.948.156)	10.948.156			'
Total comprehensive income				•								
- Loss on remeasurement of defined benefit plans	,	•		•	(105.620)	•	Ī	1	•	(105.620)	•	(105.620)
- Gains on revaluation of				•								
property, plant and equipment	•	·	•	•	•	•	•	•	•	•		•
 Amortization effect of revaluation gains 	•	•	•	(19.325)	•	•	•	19.325	•	•	•	•
 Currency translation difference 	1	•	,	•	•	(18.208)	•	•	•	(18.208)	•	(18,208)
- Not loss for the period	4	1	'	•	,	•	-		(5.318.125)	(5.318.125)	Ξ	(5.318.126)
Balance as at 31 December 2016	16.575.788	6.436.501	5.220	17.738.889	(1.357.469)	(148,210)	325,455	(19.383.015)	(5.318.125)	14.875.034	14.457	14,889,491

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

A.Cash flow from operating activities	Notes	Current Period 1 January- 31 December 2016	As Restated Prior Period 1 January- 31 December 2015
Net (loss) for the year		(5.318.126)	(10.948.176)
- Adjustments related to depreciation and amortization	10-11	5,907,331	6.347.646
- Adjustments related to gain on sale of property,	10 11	3.501.331	
plant and equipment (net)	20	(69.469)	(64.112)
- Adjustments related to provision for	_0		(*)
employment termination benefits	13	347.335	449,299
- Adjustments related to royalty provision	12	8.251	15.191
- Adjustments related to provision for		0.231	13.171
employment termination benefits	13	38.405	(6.046)
- Adjustments related to provision for doubtful receivables	6	-	33.296
- Adjustments related to allowance for impairment of invento	8	275.087	231.912
- Adjustments related to tax expenses / (income)	23	(215.365)	1.508.202
- Adjustments related to interest income	19	(146.018)	(258.970)
- Adjustments related to interest expense	. 21	2.930.314	2.806.297
- Adjustments related to foreign exchange (income) /expenses		(1.754.808)	(3.650.665)
- Adjustments related to unrealized net foreign		, ,	,
exchange (losses)/gains		7.965.930	8.365.268
Total adjustments to net loss for the period		9.968.867	4.829.143
Changes in working capital			
- Changes in trade receivables from related parties		10.696	(120)
- Changes in trade receivables		2.440.767	4.284.073
- Changes in inventories		(5.662.183)	5.013.437
- Changes in other receivables and assets		(2.401.252)	(47.187)
- Changes in trade payables		2.589.464	1.452.675
- Change in trade payables to related parties		127.613	(40.727)
- Changes in payables related to employee benefits		246.650	143.138
- Changes in other payables and liabilities		677.509	100.709
		7.998.131	15.735.140
- Royalty paid	12	(15.191)	(18.125)
- Bonus paid		-	(758.996)
- Interest paid		(2.537.278)	(2.714.394)
- Interest received	19	146.018	258.970
- Termination benefits paid	13	(331.911)	(291.731)
- Taxes paid	23	(3.018)	-
- Collections from doubtful receivables	6	•	(25.000)
Net cash generated from operating activities		5.256.751	12.185.864

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

·		Current Period	As Restated Prior Period
		1 January-	1 January-
•	•	31 December	31 December
_	Notes	2016	2015
B.Cash flows from investing activities			
- Proceeds from disposal of property,			
plant and equipment		93.242	196.418
- Payments for the purchase of tangible assets	10	(1.592.706)	(1.205.106)
- Payments for the purchase of intangible assets	11	(156.449)	(55.391)
J		(1.655.913)	(1.064.079)
C.Cash flows from financing activities			
New borrowings	-	45.078.396	37.122,275
- Repayment of borrowings		(46.580.298)	(45.645.097)
- Repayment of finance lease payables		(6.362.492)	(5.492.804)
- Change in factoring payables		1.064.600	713.800
- Change in other financial liabilities		479.214	977.341
		(6.320.580)	(12.324.485)
NET DECREASE IN CASH AND CASH			
EQUIVALENTS BEFORE THE EFFECT OF			
EXCHANGE RATE CHANGES (A+B+C)		(2.719.742)	(1.202.700)
D.EFFECTS OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS		830.734	1.135.636
NET DECREASE IN CASH AND CASH			`.
EQUIVALENT (A+B+C+D)		(1.889.008)	(67.064)
E.CASH AND CASH EQUIVALENTS AT			
THE BEGINNING OF THE PERIOD	28	10.612.034	10.679.098
CASH AND CASH EQUIVALENTS AT THE END OF		8.723.026	10.612.034
THE PERIOD (A+B+C+D+E)	28	0.725.020	10.012.034

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. ("Company") and its Subsidiaris, Dudo İthalat ve İhracat Pazarlama A.Ş. and Dudo UK Ltd., (together "Group") is primarily carry out printing, cutting, gluing and laminating processes over paper and cardboard in rolls and sheets, as well as over such materials as any plastic materials, aluminum, metal, tin, etc., for production of any kind of packaging, and to sell, to export and import the same, as well as to engage in and deal with other fields of activities set forth in its Articles of Association.

Shares of the Company are registered with Capital Market Board (CMB) and are traded at Istanbul Stock Exhange.

The Company has been established in 1975 and its headquarter is at Hadımköy Mahallesi Mustafa İnan Cad. No:41 Arnavutköy / Istanbul, Turkey and its subsidiary is also located in Turkey.

Total number of personnel employed at Group as of 31 December 2016 is 245 (31 December 2015: 239, 31 December 2014: 238).

Major shareholders of Company are LGR International Societe Anonyme (%29,46), Dikran Mihran Acemyan (%9,76), İbrahim Okan Duran (%8,92), Oktay Duran (%8,30) and Dikran Acemyan (%5).

As of 31 December 2016, 2015 and 2014, both main operating activities and direct or indirect ownership shares of subsidiaries under full consolidation is demonstrated below.

	31 Decem	ber 2016	31 Decem	ber 2015	31 Decemb	ber 2014	
	Direct ownership	Indirect ownership	Direct ownership	Indirect ownership	Direct ownership	Indirect ownership	
Subsidiary	%	%	%	%	%	%	Business Line
Dudo İthalat ve İhracat	99,92	99,92	99,92	99,92	99,92	99,92	Domestic and
Pazarlama A.Ş.						;	foreing trade of
Dudo UK Ltd.	100,00	100,00	100,00	100,00	100,00	100,00 j	printed and
						1	unprinted cardboard
						1	hoves and hundles

Confirmation of Financial Statements

Consolidated financial statements were ratified by the Board of Directors and authorised for issue there on 13 March 2017. The General Assembly of the Company has the authority to modify the consolidated financial statements.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

Financial statements attached are prepaid in accordance with the June 13, 2013 and number 28786 declaration of Capital Markets Board ("CMB") with the 5th item of the series number II, 14.1 "Rules of Declaration related with the financial reporting in CMB ("Declaration") and the Turkish Accounting Standards/Turkish Financial Reporting Standards and the attachments and comments related with these standards (TAS/TFRS) are based on.

In addition, financial statements and disclosures are presented in accordance with the format described by CMB at 7 June 2013.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Each entity's financial position and results of operations are presented in TL which is the functional currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the resolution numbered 11/367 dated 17 March 2005, the CMB stated that companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards effective from 1 January 2005 are not subject to inflation accounting. Based on that statement, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied starting from 1 January 2005 in the accompanying consolidated financial statements for the companies registered in Turkey and functional currencies in TL.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Group's consolidated financial statements have been prepared comparatively with the prior period for allow the determination of financial position and performance trend. Comparative information is reclassified when necessary and important differences are explained, in order to conform to the current period financial statement's presentation.

Business combinations under common control;

Business combinations under common control, out of scope of TFRS 3 "Business Combinations". As per the principle related to "Accounting for business combinations under common control" the Public Oversight Accounting and Auditing Authority issued in the Official Gazette dated 21 July 2013, assets and liabilities subject to business combinations included in the consolidated financial statements with their book value. Business combinations under common control shall be accounted through restating previous period's financial statements via the pooling of interest method. Negative goodwill or goodwill arising from this acquisition do not accounted in these consolidated financial statements. Retained earnings of the acquired subsidiary accounted directly under equity as "Effect of Business Combinations Under Common Control".

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd)

The Group has acquired the Dudo UK Ltd from the Mentor Associates Limited on 29 February 2016 amounting to GBP 1 (TL 4). As of acquisition date, total liabilities of Dudo UK exceed its total assets amounting to TL 2.229.099. The acquisition accounted in accordance with business combinations under common control and included in the consolidation comparatively. Consolidated statement of financial position as of 31 December 2015 and 2014 and consolidated statement of profit or loss and statement of cash flows for the year ended 31 December 2015 restated in accordance with this acquisition.

Previously		
Reported Prior		Restasted
Period	Restatement	Prior Period
31.12.2015	Effect	31.12.2015
45 503 128	(1 280 268)	44.213.860
	(1.209.200)	65.637.208
		52.315.030
37.168.351	36.242	37.204.593
22.388.381	(2.056.936)	20.331.445
(9.372.019)	(1.576.137)	(10.948.156)
(0,0057)		(0,0066)
Previously		
Reported Prior		Restasted
Period	Restatement	Prior Period
31.12.2014	Effect	31.12.2014
48.495.484	(274.311)	48.221.173
54.012.357	-	54.012.357
46.303.761	76.505	46.380.266
41.528.442	_	41.528.442
14.675.638	(350.816)	14.324.822
	Reported Prior Period 31.12.2015 45.503.128 65.637.208 51.583.604 37.168.351 22.388.381 (9.372.019) (0,0057) Previously Reported Prior Period 31.12.2014 48.495.484 54.012.357 46.303.761 41.528.442	Reported Prior Period Restatement 31.12.2015 Effect 45.503.128 (1.289.268) 65.637.208 - 51.583.604 731.426 37.168.351 36.242 22.388.381 (2.056.936) (9.372.019) (1.576.137) (0,0057) Previously Reported Prior Period Restatement 31.12.2014 Effect 48.495.484 (274.311) 54.012.357 46.303.761 76.505 41.528.442 -

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Changes in the Accounting Policies

Significant changes in accounting policies are applied retrospectively and previous period financial statements are readjusted. Group has not changed accounting policies because of the changes in current period on standard.

2.3 Changes in the Accounting Estimates and Errors

If the application of changes to the accounting estimates affects the financial results of a specific year, the accounting estimate change is applied in that specific year, if they affect the financial results of current and following years; the accounting policy estimate is applied prospectively in the year in which such change is made. There has been no significant change in the Group accounting estimates during the current year.

2.4 New and Revised Turkish Financial Reporting Standards

(a) Amendments to TFRSs affecting amounts reported and the disclosures in the consolidated financial statements

None.

(b) New and Revised TFRSs applied in 2016 with no material effect on the consolidated financial statements

Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation ¹

Amendments to TAS 16 and TAS 41 Agriculture: Bearer Plants 1 and amendments to TAS 1 TAS 17

and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations ¹ Annual Improvements to 2011-2013

Cycle TFRS 1 ²
Amendments to TAS 1 Disclosure Initiative ²

Annual Improvements to 2012-2014

Cycle

TFRS 5, TFRS 7, TAS 34, TAS 19 2

Amendments to TAS 27 Equity Method in Separate Financial Statements ²

Amendments to TFRS 10 and TAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

Amendments to TFRS 10, TFRS 12 Investment Entities: Applying the Consolidation Exception ²

and TAS 28

TFRS 14 Regulatory Deferral Accounts ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

- 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
- 2.4 New and Revised Turkish Financial Reporting Standards(cont'd)
- (b) New and Revised TFRSs applied in 2016 with no material effect on the consolidated financial statements (cont'd)

Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants

This amendment includes 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

- 2.4 New and Revised Turkish Financial Reporting Standards(cont'd)
- (b) New and Revised TFRSs applied in 2016 with no material effect on the consolidated financial statements (cont'd)

Amendments to TAS 1 Disclosure Initiative

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19. Amendments to TAS 27 Equity Method in Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to TFRS 10, TFRS 12 and TAS 28 Investment Entities: Applying the Consolidation Exception

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

- 2.4 New and Revised Turkish Financial Reporting Standards(cont'd)
- (b) New and Revised TFRSs applied in 2016 with no material effect on the consolidated financial statements (cont'd)

TFRS 14 Regulatory Deferral Accounts

TFRS 14 Regulatory Deferral Accounts permits an entity, which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

(c) New and revised TAS in issue but not yet effective

TFRS 9

Financial Instruments 1

TFRS 15

Revenue from Contracts with Customers 1

TFRS 9 Financial Instruments

TFRS 9, issued by Public Oversight Authority ("POA") in 2010, introduces new requirements for the classification and measurement of financial assets. TFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

TFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted unless before 1 February 2015.

¹ Effective for annual periods beginning on or after 1 January 2018.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Financial Reporting Standards(cont'd)

(b) New and Revised TFRSs applied in 2016 with no material effect on the consolidated financial statements (cont'd)

TFRS 15 Revenue from Contracts with Customers

TFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.5 Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated or realized customer returns, discounts, commissions, rebates, and taxes related to sales.

Sale of Goods

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

- The Group transfers 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,
 and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Inventories

Inventories are stated at the lower of cost or net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories according to their inventory classes and valuation method of inventories is weighted average out method. Net realizable value represents the estimated selling price which occurred in the ordinary course of business, less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, if the inventory is written down to the net realizable value and the expense is included in statement of comprehensive income in the year the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity; or
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Fixtures and equipment other than land are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Finance Lease Transactions

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases - the Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible assets (cont'd)

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

All borrowing costs are recorded in the income statement in the period in which they are incurred.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments

Financial assets

Group classified financial assets into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

Financial liabilities

Financial liabilities are initially measured at fair value. Financial liabilities other than fair value through profit or loss are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Foreign currency transactions (cont'd)

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial Statemetrs of Associates, Subsidiaries and Joint Ventures Operating in Other Countries

Assets and liabilities of the Group's foreign operations, are presented in TL considering exchange rates valid at the reporting date. Income and expenses are translated by using the average rate calculated for the year when the transaction occured, unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Provisions, Contingent Liabilities and Assets (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation and Deferred Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Tax expense form continues operation includes current year income tax expense and deferred income tax (expense) / benefit.

Current tax

Current year income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation and Deferred Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statements of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Useful life of property plant and equipment

The Group amortized its property, plant and equipment based over the estimated useful life of asset that stated in Note 10 and Note 11.

Impairment of inventories

The Group determined the inventories with net realizable values less than their costs and booked TL 275.087 inventory impairment provision in consolidated financial statements (2015; TL 213.912; 2014; TL 267.376).

Provision for doubtful receivables

When there is an indication that the Group will not be able to collect receivables, the Group forms provision for doubtful receivables. The Group management booked TL 63.968 (2015: TL 63.968; 2014: TL 450.813) doubtful receivable provision in 31 December 2016 consolidated financial statements.

Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; taxplanning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

Revaluation of land and building

Land and buildings are stated in the consolidated statement of financial position at their revalued amounts and the assumptions used in the valuation disclosed in Note 10. Valuation report has been prepared by CMB accredited independent valuation company, Adres Gayrimenkul Değerleme ve Danışmanlık A.Ş..

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

3. BUSINESS COMBINATIONS

During the year 2016, there is not any business combinations occurred which needs to be considered in accordance with TFRS 3. Information regarding to acquire of Dudo UK which is accounted in accordance with business combinations under common control detailed under Note 2.1.

4. OPERATION SEGMENTS

The Group started to apply TFRS 8 from 1 January 2013. The autohority who is responsible to take decisions about Groups operating activities determines operating segments based on the management reports reviewed regularly.

The reportable operating segments derive their revenue primarily from sales to Turkey, Middle East countries, Africa, Europe, USA and Turkic Republics.

			l Janu	ary - 31 Dece	mber 2016		
				Middle East			
				and	Asia	Turkic	_
	Turkey	Europe	USA	Africa	Pasific	Republics	Total
Gross Sales	58.113.736	31.387.292 2	2.400.378	8.540.516	179.944	4.156.697	104.778.563
			1 Janua	ary - 31 Dece	ember 2015		
				Middle	East and		
	Turkey	Europe	USA	. A	frica	Turkic Republics	Total
Gross Sales	51.294.426	27.128.88	2 2.676.4	83 3.45	5.961	6.821.134	91.376.886

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

5. RELATED PARTY DISCLOSURES

a) Receivables and payables from related parties:

	3	1 December 2016	
	Receivables	Liabilities	Liabilities
	Short Term	Short Term	Long Term
Balances with related parties	Trade	Trade	Non-Trade
Other companies managed by main shareholder	_		
Duran Makina San. ve Tic. A.Ş.	<u>-</u>	6.212	-
LGR International Societe Anonyme (*)	-	663.967	7.419.800
		670.179	7.419.800
	3	1 December 2015	
	Receivables	Liabilities	Liabilities
	Short Term	Short Term	Long Term
Balances with related parties	Trade	Trade	Non-Trade
Other companies managed by main shareholder	_		
Duran Makina San. ve Tic. A.Ş.	10.696	_	-
LGR International Societe Anonyme (*)	-	542.566	6.355.200
•	10.696	542.566	6.355.200
	3	1 December 2014	
	Receivables	Liabilities	Liabilities
	Short Term	Short Term	Long Term
Balances with related parties	Trade	Trade	Non-Trade
Other companies managed by main shareholder	-		
Duran Makine San. ve Tic. Ltd. Şti.(**)	10.576	2.087	-
LGR International Societe Anonyme (*)	-	581.206	5.641.400
	10.576	583.293	5.641.400

^(*) Long term non-trade payables to related party balance is related to debt accounted for 2.000.000 Euro debt with maturity date of 31 January 2019 and %3+12 Month EURIBOR interest rate, which is provided by the entity's shareholder LGR International Societe Anonyme.

Related party transactions are not subject to interest charge.

^(**) Starting from October 2014 Duran Makine San. ve Tic. Ltd. Şti. change of title to "Duran Makina San.ve Tic. A.Ş.".

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

5. RELATED PARTY DISCLOSURES (cont'd)

b) Purchases and sales from related parties:

	1 January - 31 December 2016		
	Purchase of goods and	Sale of goods	
Transactions with related parties	services	and services	Interst expense
Other companies managed by main shareholder			
Duran Makina San. ve Tic.A.Ş.	119.304	-	-
Lgr Emballages S.A.S.	69.560	-	_
LGR International Societe Anonyme (*)	550.197		213.234
	739.061		213.234
	1 January - 31 December 2015		
	Purchase of		
	goods and	Sale of goods and	Interst
Transactions with related parties	services	services	expense
Other companies managed by main shareholder			
Duran Makine San. ve Tic. Ltd. Şti.	122.224	22.500	-
LGR International Societe Anonyme (*)	533.150	-	202.784
	655.374	22.500	202.784

- (*) LGR International S.A. LGR International S.A. obtains consultancy fee calculated from the 0.5 % of the Company's revenue.
- c) Compensation to key management consist of; Chairman of the Board, Vice President of Executive Board, Other Executive Board Members, General Manager, Vice General Manager and Chief Financial Officer. Short term benefits to senior management amount to TL 2.867.197 (31 December 2014: TL 2.340.297).

	l January-	1 January-	1 January-
	31 December	31 December	31 December
	2016	2015	2014
Salary	2.075.400	1.912.800	1.638.384
Bonus	345.900	318.800	273.063
Performance premium	464.814	352.144	209.880
Attandance fee	273.000	276.000	216.000
Other short term benefits	8.606	7.453	2.970
	3.167.720	2.867.197	2.340.297

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

The details of the Group's trade receivables as of balance sheet date are as follows:

Short term trade receivables	31 December 2016	31 December 2015	31 December 2014
Trade receivables	18.591.634	18.042.255	17.991.946
Trade receivables from related parties (Note 5)	-	10.696	10.576
Notes receivables	1.049.766	927.784	-
Provision for doubtful receivables (-)	(63.968)	(63.968)	(450.813)
	19.577.432	18.916.767	17.551.709

Average maturity days of trade receivables are 90 days for domestic costumers, 60 days for foreign customers. As of 31 December 2016, provision for doubtful receivables is amounting to TL 63.968 (31 December 2015: TL 63.968; 31 December 2014: TL 450.813). Significant portion of doubtful receivables belong to customers who have got into economic hardships in an unexpected way.

Allowance for doubtful receivables recorded for trade receivables have been determined due to past experience of incidence of non-collection.

The movement of allowance for doubtful trade receivables of the Group is as follows

	1 January-	1 January-	1 January-
	31 December	31 December	31 December
Movements of provision for doubtful receivables	2016	2015	2014
Openning balance	63.968	450.813	459.370
. Charge for the period	-	33.296	· -
Foreign currency translation effect	•	-	1.365
Collections	-	(25.000)	(9.922)
Provisions no longer required (*)	-	(395.141)	-
Closing balance	63.968	63.968	450.813

(*) According to decision taken by Board of Directors dated 2 April 2015, Entity decided to cancel out both its doubtful receivables and related provisions due to not being able to collect the doubtful amounts.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

Details of Group's trade payables as of balance sheet date are as follow:

Short term trade liabilities	31 December 2016	31 December 2015	31 December 2014
Trade payables	15.412.283	10.737.933	6.000.926
Expense accruals	277.051	173.883	185.954
Payables to related parties (Note 5)	670.179	542.566	583.293
	16.359.513	11.454.382	6.770.173

Average maturity days of payables for raw material is 120 days (2015 and 2014: 120 days).

7. OTHER RECEIVABLES AND PAYABLES

31 December	31 December	31 December
2016	2015	2014
7.787	7.787	6.917
38.620	15.596	56.635
46.407	23.383	63.552
31 December	31 December	31 December
2016	2015	2014
7.787	7.787	6.917
38.620	15.596	56.635
46.407	23.383	63.552
21.75	A1 D 1	41 D
		31 December 2014
7.419.800	6.355.200	5.641.400
	2016 7.787 38.620 46.407 31 December 2016 7.787 38.620 46.407 31 December 2016	2016 2015 7.787 7.787 38.620 15.596 46.407 23.383 31 December 2015 7.787 7.787 38.620 15.596 46.407 23.383 31 December 2015 31 December 2015 2016 2015

^(*) Other payables to related parties represent the funds lent by LGR International Societe Anonyme's to the Group for EUR 2.000.000 with a due date of 31 January 2019 and an interest rate of 3% +Euribor. As of 31 December 2016, total interest accrued amount to EUR 61.586. (2015: EUR 65.757)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

7. OTHER RECEIVABLES AND PAYABLES (cont'd)

	31 December	31 December	31 December
Other non-current receivables	2016	2015	2014
Receivables from personnel	154.266	142.265	56.066
Guarantees and deposits given	132.537	110.776	89.830
	286.803	253.041	145.896

8. INVENTORIES

Inventories are valuated at their cost value, and provision is booked for inventories with impaired in value.

	31 December 2016	31 December 2015	31 December 2014
Raw materials	6.346.262	4.740.764	6.775.868
Finished goods	12.144.916	8.298.277	11.532.864
Trade goods	-	21.866	32.988
Provision for impairment of inventories (-)	(275.087)	(231.912)	(267.376)
	18.216.091	12.828.995	18.074.344

Movements in provision for impairment on inventory during periods ending at 31 December 2016, 2015 and 2014 are as follow:

	1 January-	1 January-	1 January-
	31 December	31 December	31 December
Movement of provision of impairment of inventory	2016	2015	2014
Openning balance	(231.912)	(267.376)	(282.295)
Provisions released	231.912	267.376	282.295
Charge for the period	(275.087)	(231.912)	(267.376)
Closing balance	(275.087)	(231.912)	(267.376)

Provision for impairment of inventories booked under cost of goods sold.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

9. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 December 2016	31 December 2015	31 December 2014
Date terms proposed superior			
Advances given to purchase inventory	813.664	395.840	669.875
Prepaid expenses	222.025	193.303	187.890
Business advances	4.500	4.500	4.500
Prepaid tax and funds	25.152	53.117	36.836
•	1.065.341	646.760	899.101
	31 December	31 December	31 December
Short term deferred income	2016	2015	2014
		•	
Advances received	204.550	73.232	128.475
Deferred income	1.078.094	277.538	595.526
	1.282.644	350.770	724.001
•	31 December	31 December	31 December
Long term prepaid expenses	2016	2015	2014
Prepaid expenses	18.025	66.047	-
•	18.025	66.047	

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Ruildings	Property, plant and	Furniture	Construction in Progress	Leasehold	- - - -
Cost & Revaluation Value		e diminor	mondinho	and I tytures	III TORICO	THI DI CACHE	1001
Openning balance at 1 January 2016	22.450.000	16.757.239	51.351.290	8.711.031	52.566	1.577.191	100.899.317
Additions	1 1	•	703.206	748.091	36.389	105.020	1.592.706
Kevaluation tulid Disposals	ı ı	' '	(88.381)	(212.437)	1 1	, ,	(300.818)
Closing balance at 31 December 2016	22.450.000	16.757.239	51.966.115	9.299.251	36.389	1.682.211	102.191.205
Accumulated depreciation							
Openning balance at 1 January 2016	8.112	1.754.372	28.045.832	6.026.323	1	829.446	36.664.085
Charge for the period	ī	316.536	4.205.445	832.572	•	362.671	5.717.224
Disposals	•	•	(80.454)	(196.591)	•	•	(277.045)
Closing balance at 31 December 2016	8.112	2.070.908	32.170.823	6.662.304		1.192.117	42.104.264
Net book value at 31 December 2016	22.441.888	14.686.331	19.795.292	2.636.947	36.389	490.094	60.086.941

During the year 2016, the Group did not buy any property, plant and equipment under non-cancellable finance lease agreements (2015: TL 0).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	,	;	Property, plant and	Furniture	Construction	Leasehold	
	Land	Buildings	equipment	and Fixtures	in Progress	improvements	Total
Cost & Revaluation Value							٠
Openning balance at 1 January 2015	4.965.000	15.811.999	51.383.017	8.341.533	•	1.443.778	81.945.327
Transfer	•	(514.981)	283.259	32.914	(337.184)	1	(535.992)
Additions		•	335.820	346.123	389.750	133.413	1.205.106
Revaluation fund	17.485.000	1.460.221	1	1	r	•	18.945.221
Disposals	•	1	(650.806)	(9.539)		1	(660.345)
Closing balance at 31 December 2015	22.450.000	16.757.239	51.351.290	8.711.031	52.566	1.577.191	100.899.317
Accumulated depreciation							
Openning balance at 1 January 2015	ı	1.437.836	24.029.995	5.122.855	1	475.393	31.066.079
Charge for the period	8.112	316.536	4.541.614	905.730	1	354.053	6.126.045
Disposals	1	t	(525.777)	(2.262)	•	•	(528.039)
Closing balance at 31 December 2015	8.112	1.754.372	28.045.832	6.026.323		829.446	36.664.085
Net book value at 31 December 2015	22.441.888	15.002.867	23.305.458	2.684.708	52.566	747.745	64.235.232

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair Value Measurments of Lands and Buildings owned by the Entity

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and building acquired by financial leases revalued by an independent valuation company, Adres Gayrimenkul Değerleme ve Danışmanlık A.Ş., dated 5 October 2015. Adres Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by CMB and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 31 December 2016 is as follows:

		Fair val	lue as at Reporting l	Date
	31 December	Level 1	Level 2	Level 3
	2016	TL	TL	TL
Based on Hadımköy Facility:				
-Land	22.450.000	-	22.450.000	-
-Building	16.757.239	-	16.757.239	-

If lands and buildings were demonstrated as with their cost value, the related amounts would have been as shown as below.

	31 December	31 December	31 December
	2016	2015	2014
Cost value - Land	4.965.000	4.965.000	4.965.000
Cost value - Building	15.297.018	15.297.018	15.802.471
Accumulated depreciation- Building	(2.038.639)	(1.746.260)	(1.435.402)
Net book value	18.223.379	18.515.758	19.332.069
	31 December	31 December	31 December
Net book value of property, plants and equipments acquired by financial leases	2016	2015	2014
Land	4.965.000	4.965.000	4.965.000
Buildings	12 225 045	12 620 024	12 042 124
— 	13.335.945	13.639.034	13.942.124
Property, plants and equipments	5.707.795	10.750.223	12.351.911

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Useful lives of property, plant and equipment are as follow:

	<u>Useful Life</u>
Infrastructure and land improvements	10-50
Buildings	25-50
Property, plants and equipments	4-20
Vehicles	5
Furniture and fixtures	4-20
Leasehold improvements	5-9

11. INTANGIBLE ASSETS

		Capitalized development	
Cost value	Rights	expenses	Total
Openning balance at 1 January 2016	3.168.471	187.930	3.356.401
Additions	156.449	-	156.449
Closing balance at 31 December 2016	3.324.920	187.930	3.512.850
Accumulated amortization			
Openning balance at 1 January 2016	2.110.613	107.108	2.217.721
Charge for the period	190.107	-	190.107
Closing balance at 31 December 2016	2.300.720	107.108	2.407.828
Net book value at 31 December 2016	1.024.200	80.822	1.105.022

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

11. INTANGIBLE ASSETS (cont'd)

	Capitalized	
	development	
Rights	expenses	Total
2.577.088	187.930	2.765.018
535.992	-	535.992
55.391	<u> </u>	55.391
3.168.471	187.930	3.356.401
1.942.566	53.554	1.996.120
221.601	-	221.601
2.164.167	53.554	2.217.721
1.004.304	134.376	1.138.680
	2.577.088 535.992 55.391 3.168.471 1.942.566 221.601 2.164.167	Rights development expenses 2.577.088 187.930 535.992 - 55.391 - 3.168.471 187.930 1.942.566 53.554 221.601 - 2.164.167 53.554

Depreciation and amortization expense amounted at TL 5.272.498 (2015: TL 5.743.564) has been charged in "cost of goods sold", TL 9.237 (2015: TL 9.716) in unused capacity expense under cost of goods sold, TL 274.128 (2015: TL 264.815) in "marketing expenses" and, TL 351.468 (2015: TL 329.551) in "general administrative expenses".

Useful lives of intangible assets are as follow:

	<u>Useful Life</u>
Rights	3-15
Capitalized development expenses	5

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions	31 December 2016	31 December 2015	31 December 2014
Provision for royalties	8.251	15.191	18.125
	8.251	15.191	18.125
Movement for royalty provision is as follow:			
•	1 January-	1 January-	1 January-
	31 December	31 December	31 December
	2016	2015	2014
Provision at 1 January	15.191	18.125	29.917
Additions	8.251	15.191	18.125
Payments	(15.191)	(18.125)	(29.917)
Provision at 31 December	8.251	15.191	18.125

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given

The details of the guarantees given as of 31 December 2016, 2015 and 2014 are as follows:

	31 December 2016	31 December 2015	31 December 2014
Export Credits	23.566.722	20.458.522	23.601.016
Custom Offices	32.679	32.679	32.679
Other organizations	85.000	56.000	56.000
	23.684.401	20.547.201	23.689.695

As of 31 December 2016, besides the export credits given for discount loans mentioned above there are personal sureties given for ongoing bank loans amounting to TL 11.904.102 (EUR 1.785.390, TL 5.280.482) (31 December 2015: TL 15.085.364 (EUR 3.959.021, TL 2.505.180), (31 December 2014: TL 18.875.915 (EUR 6.337.404, TL 1.000.000)) (Not 25).

Rate of other GPM's given by Group to owner's equity is %0 (31 December 2015 and 2014: %0).

31 December 2016	TL Equivalent	US Dollars	Euro	TL
A. Total amount of GPM given by Group in behalf of Entity	23.684.401	-	6.285.000	367.679
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given i. Total amount of GPM given in behalf of		. '		
parent company ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not	-	-	-	-
included in B and C items iii. Total Amount of GPM that the Company has given in behalf of third parties not included	-	-	-	-
in C item	-	-	-	-
Total	23.684.401		6.285.000	367.679

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given (cont'd)

31 December 2015	TL Equivalent	US Dollars	Euro	TL
A. Total amount of GPM given by Group in behalf of Entity	20.547.231	-	6.270.000	623.679
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	· -	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given i. Total amount of GPM given in behalf of parent company ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not	-	-	-	
given in behalf of Other Group Companies not included in B and C items iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	- · <u>-</u>	
Total `	20.547.231		6.270.000	623.679

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given (cont'd)

31 December 2014	TL Equivalent	US Dollars	Euro	TL
A. Total amount of GPM given by Group in behalf of Entity	23.689.695	-	8.165.000	658.679
B. Total amount of GPM on behalf of the shareholders included in consolidation				
	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-		· -	•
D. Total amount of other GPM given				
i. Total amount of GPM given in behalf of parent company ii. Total amount of GPM that the Company has	-	-	-	-
given in behalf of Other Group Companies not included in B and C items iii. Total Amount of GPM that the Company	-	-	-	-
has given in behalf of third parties not included in C item	-	-		-
Total	23.689.695	-	8.165.000	658.679

b) Litigations

As of 31 December 2016, There are three reemployment lawsuits filed against the Company and as of reporting date they are still continuing. According to the professional judgements of lawyer, the Company is not expecting any cash outflow as of reporting date and thus no provisions have been booked in the accompanying consolidated financial statements.

There is a lawsuit filed against to Arnavutköy Belediyesi due to the public works and as of reporting date the lawsuit still continuing. Other than this, there are several ongoing lawsuits against electricity companies filed against by the Group regarding to electricity leakage.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

c) Rent Agreements

13.

Non-cancellable operational lease

As at 1 January 2013, the Group signed an agreement to rent the real estate addressed in Istanbul city, Arnavutköy district, Ömerli Mahallesi Sercan Sokak No: 8. The rental period is 5 years beginning from 1 January 2013 and the rent for the five years was USD 2.134.800 at the beginning of the rental period. The agreement has been revised as at 31 January 2014 due to decrease in value of TL against USD and 1 USD fixed to TL 2,05 until end of 31 December 2015, 1 USD fixed to TL 2,60 until end of 31 December 2016, 1 USD fixed to 2,80 until end of 31 December 2017 due to the additional protocol. The leased real estate is used as the second factory of the Group focus on micro corrugated case.

31 December

31 December

31 December

commitments	2016	2015	2014
Within one year	1.195.488	1.110.096	875.268
Within 1- 5 years	498.120	1.572.636	2.115.231
	1.693.608	2.682.732	2.990.499
EMPLOYEE BENEFITS			
	31 December 2016	31 December 2015	31 December 2014
Payables to personnel	781.166	600.593	490.977
Social security contribution payable	372.448	306.371	272.849
	1.153.614	906.964	763.826
	31 December 2016	31 December 2015	31 December 2014
Unused vacation accruals	194.724	156.319	162.365
Bonus provisions	-	· -	758.996
	194.724	156.319	921.361
	31 December	31 December	31 December
The movement table of unused vacation accruals	2016	2015	2014
Provision at 1 January	156.319	162.365	127.061
Charge for the period	38.405	(6.046)	35.304

194.724

156.319

162.365

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

13. EMPLOYEE BENEFITS (cont'd)

Long term provisions for employee benefits

<u>Provision</u> for retirement pay liability:

Under Turkish Labor Law, the Group is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who are retired by gaining right to receive retirement pay provisions according to the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of 23 May 2002.

The amount payable to the employee consists of one month worth salary limited to a maximum of TL 4.297,21 for each year of service at 31 December 2016 (2015: TL 4.092,53; 2014: TL 3.541,37).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2015, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,48% real discount rate (31 December 2015: 3,61%; 31 December 2014: 2,42%) calculated by using 7% annual inflation rate and 11,80% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 3,80 % for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 4.426,16 which is in effect since 1 January 2017 is used in the calculation of Group's provision for retirement pay liability.

As of 31 December 2016 2,52% of the employees leave the job with their own desires (2015: 2,52%; 2014: 2,57%).

The movement table of retirement payment benefits

	1 January- 31 December 2016	1 January- 31 December 2015	1 January- 31 December 2014
Provision at 1 January	2.994.246	1.968.997	1.602.685
Service cost	239.041	401.560	132.820
Interest cost	108.294	47.739	60.510
Retirement payment provision paid	(331.911)	(291.731)	(138.174)
Actuarial losss	132.025	867.681	311.156
Provision at 31 December	3.141.695	2.994.246	1.968.997

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

13. EMPLOYEE BENEFITS (cont'd)

Long term provisions for employee benefits (cont'd)

Provision for retirement pay liability: (cont'd)

The movement table of retirement payment benefits:

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

If the discount rate had been %1 higher, provision for employee termination benefits would decrease by TL 264.669. In the same way if the discount rate had been 1% lower, provision for employee termination benefits would increase by TL 313.151.

If the anticipated turnover rate had been %1 lower while all other variables were held constant, provision for employee termination benefits would decrease by TL 33.282. In the same way if the anticipated turnover rate had been %1 higher while all other variables were hed constant, provision for employee termination benefits would increase by TL 38.068.

14. OTHER ASSETS AND LIABILITIES

	31 December	31 December	31 December
	2016	2015	2014
Advances given	12.154	15.028	-
VAT return receivables	1.177.171	119.981	342.687
Blocked deposits (*)	1.922.481	1.050.912	610.682
	3.111.806	1.185.921	953.369

(*) Because of the nature of the loans borrowed, 2,75 % of the loan amount is blocked in a deposit account on behalf of the entity till the due date of the loans.

	31 December	31 December	31 December
	2016	2015	2014
Taxes and funds payable	593.045	869.807	443.113
	593.045	869.807	443.113

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2016, 2015 and 2014 the share capital held is as follows:

		31 December		31 December		31 December
Shareholders	%	2016	%	2015	<u>%</u>	2014
LGR International Societe Anonyme	%33,69	5.584.189	%33,69	5.584.189	%29,46	4.882.533
Dikran Mihran Acemyan	%9,76	1.617.436	%9,76	1.617.436	%9,76	1.617.436
Oktay Duran	%8,30	1.376.296	%8,30	1.376.296	%8,30	1.376.296
İbrahim Okan Duran	%7,95	1.318.179	%7,95	1.318.179	%8,92	1.478.793
Dikran Acemyan	%5,00	828.984	%5,00	828.984	%5,00	828.984
Other	%35,30	5.850.704	%35,30	5.850.704	%38,56	6.391.746
	%100	16.575.788	%100	16.575.788	%100	16.575.788

The total number of ordinary shares authorized is 1.657.578.750 shares (31 December 2015 and 2014: 1.657.578.750) with a par value of Kr 1 per share (31 December 2015 and 2014; Kr 1 per share).

b) Restricted Reserves Appropriated from Profit

	31 December 2016	31 December 2015	31 December 2014
Legal Reserves	325.455	325.455	325.455
	325.455	325.455	325.455

According to Turkish Commercial Code, legal reserves consist of first and second legal reserves. The first legal reserves, appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid in share capital. The second legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distributions.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

16. REVENUE AND COST OF SALES

General administrative expenses

Marketing expenses

	a) Sales	1 January-	1 January-
		31 December	31 December
		2016	2015
	Domestic sales	58.113.736	51.294.426
	Foreign sales	46.664.827	40.082.460
	Sales returns (-)	(690.136)	(561.696)
	Other discounts (-)	(20.908)	(944)
	Sales discounts (-)	(11.911)	-
		104.055.608	90.814.246
	b) Cost of sales	1 January-	1 January-
		31 December	31 December
		2016	2015
	Raw materials used	55.837.650	50.782.765
	Overhead expenses	11.512.534	10.850.611
	Personnel expenses	11.810.717	10.423.569
	Depreciation and amortization expenses (Note 10, 11)	5.272.498	5.743.564
	Change in finished goods	(3.846.639)	(3.234.587)
	Cost of goods sold	80.586.760	74.565.921
	Cost of merchandises sold (-)	848.969	1.901.797
	Cost of other sales (-)	884.206	869.663
	Idle capacity expenses	9.237	9.716
		82.329.172	77.347.097
177	A DRATKITOTO A TOTATE TEXTBERIOLOGIC A NID-RA A DEZEMBALO: TEXTBERIOL	P.O.	
17.	ADMINISTRATIVE EXPENSES AND MARKETING EXPENSI	7.3 C.2	
		1 January-	1 January-

31 December

8.447.902

7.832.168 16.280.070

2016

31 December

7.420.481

5.427.897

12.848.378

2015

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

17. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES (cont'd)

a) Details of General Administrative Expenses	1 January-	1 January-
	31 December	31 December
	2016	2015
Personnel expenses	5.485.489	4.729.417
Financial and legal consulting expenses	633.269	469.137
Comission expenses	550.197	430.377
Motor vehicle expenses	376.353	373.559
Depreciation and amortization expenses (Note 10,11)	351.468	329.551
Information technologies expenses	200.274	284.709
Travelling expenses	197.475	150.738
Accomodation expenses	107.415	120.684
Legal and notary expenses	67.067	23.081
Subscription expenses	64.622	63.813
Communication and transportation expenses	42.718	49.763
Services received from subcontractors	47.005	37.016
Education expenses	s 180	14.484
Provison for doubtful receivables (Not: 6)	-	63.968
Other expenses	324.370	280.184
	8.447.902	7.420.481
b) Details of marketing expenses	1 January-	1 January-
,	31 December	31 December
	2016	2015
Foreign transportation expenses	3.231.089	2.072.895
Personnel expenses	1.602.722	1.005.880
Domestic transportation expenses	1.203.628	1.177.424
A server detires and server		
Accomodation expenses	401.762	92.313
Export commission expenses	401.762 329.368	92.313 194.936
-		
Export commission expenses	329.368	194.936
Export commission expenses Depreciation and amortization expenses (Note 10,11)	329.368 274.128	194.936 264.815
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses	329.368 274.128 142.780	194.936 264.815 96.773
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses Motor vehicle expenses	329.368 274.128 142.780 127.822	194.936 264.815 96.773 121.301
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses Motor vehicle expenses Travelling expenses	329.368 274.128 142.780 127.822 106.851	194.936 264.815 96.773 121.301 94.706
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses Motor vehicle expenses Travelling expenses Royalty expenses	329.368 274.128 142.780 127.822 106.851 68.649	194.936 264.815 96.773 121.301 94.706 60.801
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses Motor vehicle expenses Travelling expenses Royalty expenses Cost of samples used	329.368 274.128 142.780 127.822 106.851 68.649 8.186	194.936 264.815 96.773 121.301 94.706 60.801 10.780
Export commission expenses Depreciation and amortization expenses (Note 10,11) Communication and transportation expenses Motor vehicle expenses Travelling expenses Royalty expenses Cost of samples used Services received from subcontractors	329.368 274.128 142.780 127.822 106.851 68.649 8.186 8.872	194.936 264.815 96.773 121.301 94.706 60.801 10.780 7.272

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

18. EXPENSES BY NATURE

	1 January-	1 January-
	31 December	31 December
	2016	2015
Personnel expenses	7.088.211	5.735.297
Foreign transportation expenses	3.231.089	2.072.895
Domestic transportation expenses	1.203.628	1.177.424
Financial and legal consulting expenses	633.269	469.137
Depreciation and amortization expenses	625.596	594.366
Comission expenses	550.197	430.377
Accomodation expenses	509.177	212.997
Motor vehicle expenses	504.175	494.860
Export commission expenses	329.368	194.936
Travelling expenses	304.326	245.444
Information technologies expenses	200.274	284.709
Communication and transportation expenses	185.498	146.536
Royalty expenses	68.649	60.801
Legal and notary expenses	67.067	23.081
Subscription expenses	64.622	63.813
Services received from subcontractors	55.877	44.288
Cost of samples used	8.186	10.780
Other expenses	650.861	586.637
	16.280.070	12.848.378

19. INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2016 and 2015 are as follow:

	1 January-	1 January-
	31 December	31 December
	2016	2015
Foreign exchange gains from operations	8.361.877	10.794.743
Late charges and interest income	1.727.695	1.564.083
Interest income from time deposits	146.018	258.970
Other income	401.091	358.974
	10.636.681	12.976.770
		

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

19. INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

The details of other expense from operating activities for the years ended 31 December 2016 and 2015 are as follow:

	1 January- 31 December 	1 January- 31 December 2015
Foreign exchange losses from operations	6.607.068	6.900.755
Late charges and interest expense	865.563	501.095
Other expenses	115.427	166.703
	7.588.058	7.568.553

20. INCOME AND EXPENSES FROM INVESTMENTS ACTIVITIES

The details of income from investments activities for the years ended 31 December 2016 and 2015 are as follow:

	1 January-	1 January-
	31 December	31 December
Income from Investing Activities	2016	2015
Gain on disposal of property, plant and equipment	69.469	64.708
	69.469	64.708

The details of expense from investments activities for the years ended 31 December 2016 and 2015 are as follow:

	1 January-	1 January-
•	31 December	31 December
Expenses from investing activities	2016	2015
Loss from disposal of property, plant and equipment	-	596
	-	596

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

21. FINANCIAL INCOME / (EXPENSES)

Financial income / (expenses), net

	Interest expenses Foreign exchange expenses / (income),(net) Other finance expenses	1 January- 31 December 2016 2.930.314 10.602.583 565.052 14.097.949	1 January- 31 December 2015 2.806.297 12.166.701 558.076
22.	OTHER COMPREHENSIVE INCOME ELEMENTS		
		31 December 2016	31 December 2015
	Properties revaluation reserves Accumulated loss on remeasurement of benefit plans Foreign currency translation reserve	17.738.889 (1.357.469) (148.210) 16.233.210	17.758.214 (1.251.849) (130.002) 16.376.363
	Properties revaluation reserves	1 January- 31 December 2016	1 January- 31 December 2015
	Balance at the beginning of the year Increase arising on revaluation of properties Deferred tax liability arising on revaluation Transferred to retained earnings Balance at the end of the year	17.758.214 - - (19.325) 17.738.889	18.927.442 (1.162.738) (6.490) 17.758.214
	Accumulated loss on remeasurement of benefit plans	1 January- 31 December 2016	1 January- 31 December 2015
	Balance at the beginning of the year Change in current period Deferred tax asset Balance at the end of the year	(1.251.849) (132.025) 26.405 (1.357.469)	(557.704) (867.681) 173.536 (1.251.849)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2016	31 December 2015
Current tax liability		
Current corporate tax provision	6.807	_
Less: prepaid taxes and fuds	(3.018)	-
	3.789	
	1 January-	1 January-
	31 December	31 December
Tax expense consists of below:	2016	2015
Current tax expense	6.807	-
Deferred tax (income) / expense	(222.172)	1.508.202
	(215.365)	1.508.202

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2016 is %20 (2015: %20) for the Group.

The effective tax rate in UK in 2016 is %20 (2015 and 2014: %20).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2016 is %20. (2015: %20).

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is %10 and commencing from 22 July 2006, this rate has been changed to %15 upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of %19,8 is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentives

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No: 193 with the effect of Article 5 of Law No: 6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed %25 of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply %20 of income tax, instead of %30 under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the %25 threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed %25 of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Investment incentives that the Company can offset from profit is TL 1.403.837 (31 December 2015 and 2014: TL 1.403.837), and all amount of this balance is considered in deferred tax calculation. The all amount refers to the investment incentive exemption (31 December 2015 and 2014: All with exemptions. In case the investment incentive exemption is utilized the tax liability rate of %19,8 will be applied. Therefore, %0,2 (%20-%19,8) deferred tax calculated on investment incentives exemption. %20 deferred tax calculated on the investment incentives with no exemption.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of %20 is used (31 December 2015 and 2014: %20).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

As at 31 December 2016, the Group has unused tax losses of TL 10.876.018 available for offset against future profits. In the accompanying consolidated financial statements no deferred tax assets recognized regarding to unused tax losses. Unrecognized tax losses will expire as follows;

	31 December 2016	31 December 2015	31 December 2014
Expiring in 2021 Expiring in 2020 Expiring in 2018	3.954.296 3.386.991 3.534.732	6.773.981 7.069.463	- - 7.069.463
	10.876.018	13.843.444	7.069.463
Temporary timing differences taken as a basis for deferred tax	31 December 2016	31 December 2015	31 December 2014
 Investment incentive-witholdings (*) Depreciation and amortization differences of property, plants and equipments and 	1.522.900	1.522.900	1.403.837
other intangible assets	2.270.271	2.270.271	1.175.260
 Provisions for employment termination benefits Discount expenses 	3.141.695	2.994.246	1.968.997 140.698
- Unused vacation pay accruals	194.724	156.319	162.365
- Provision for impairment of inventories	275.087	231.912	267.376
- Provision for doubtful	-	-	· 36.588
- Deferred tax income adjustment	66.048	287.621	(40.740)
- Discount income	-	-	(59.002)
- Prepaid expenses adjustment	127.720	150.564	183.097
- Revaluation of land and building	(18.945.221)	(18.945.221)	-
- Accumulated tax losses	10.876.018	13.843.444	7.069.463
- Other	263.189	(240.320)	173.433
	(207.569)	2.271.736	12.481.372

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

	31 December	31 December	31 December
Deferred tax assets/(liabilities)	2016	2015	2014
- Investment incentive-witholdings (*)	3.046	2.808	2.808
- Depreciation and amortization differences of			
property, plants and equipments and			
other intangible assets	454.054	307.227	235.052
- Provisions for employment termination benefits	628.339	598.849	393.799
-Discount expenses	-	_	16.340
- Unused vacation pay accruals	38.945	31.264	32.473
- Provision for impairment of inventories	55.017	46.382	53.475
- Deferred tax income adjustment	13.210	57.524	(8.148)
- Prepaid expenses adjustment	25.544	30.113	36.619
- Revaluation of land and building	(1.166.294)	(1.166.294)	-
- Accumulated tax losses	2.175.203	2.768.689	1.413.893
- Other	52.639	(48.064)	34.686
	2.279.703	2.628.498	2.218.315
Provision for deffered tax assets	(2.313.771)	(2.911.143)	-
	(34.068)	(282.645)	2.218.315

(*) In case of using withholding tax investment incentive there will be 19,8 % taxation, therefore, deferred tax effect of this item is 0,2 %.

Movement of deferred tax assets	_	1 January- 31 December 2016	1 January- 31 December 2015
Openning balance at 1 January Charged to statement of profit and loss Charged to equity		(282.645) 222.172 26.405	2.218.315 (1.508.202) (992.758)
Closing balance as at 31 December	=	(34.068)	(282.645)
	31 December 2016	31 December 2015	31 December 2014
Deffered Tax Asset Deffered Tax Liabilities	12.735 (46.803) (34.068)	10.255 (292.900) (282.645)	2.218.315

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Reconciliation of tax expense with profit for the period is as follows:

Reconciliation of taxation:	1 January- 31 December 2016	1 January- 31 December 2015
(Loss) / profit before taxation	(5.533.491)	(9.439.974)
Income tax rate 20% (2015: 20:%)	1.106.698	1.887.995
Tax effects of:		
- non deductible expenses	(79.301)	(135.110)
- unrecognized tax losses as deferred tax asset	(818.965)	(3.112.911)
- accumulated tax losses used in current period	(2.844)	· _
- change in deferred tax asset provision	3.887	(142.454)
- other	5.890	(5.722)
Income tax expense in statement of profit or loss	215.365	(1.508.202)
Income tax recognized in equity		
	1 January-	1 January-
	31 December	31 December
Deferred tax	2016	2015
Recognized in equity:		
-Properties revaluation reserves	-	(1.162.738)
-Actuarial gain	26.405	173.536
Total income tax recognized in equity	26.405	(989.202)

Tax Effects related to components of Other Comprehen	sive Income:		
	1 Janu	ary - 31 December	2016
	Before Tax	Tax (Expense)/	Net of Tax
	Amount	Income	Amount
Actuarial loss on post employee benefit obligations	(132.025)	26.405	(105.620)
Other comprehensive income	(132.025)	26.405	(105.620)
	1 Janu	ary - 31 December	r 2015
	Before Tax	Tax (Expense)/	Net of Tax
•	Amount	Income	Amount
Gains on revaluation of property, plant and equipment	Amount 18.945.221	Income (1.162.738)	Amount 17.782.483
Gains on revaluation of property, plant and equipment Actuarial loss on post employee benefit obligations			

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

24. EARNINGS /(LOSS) PER SHARE

As of 31 December 2016 and 2015, the Group's weighted average number of shares and computation of earnings per share set out here are as follows:

	1 January- 31 December 2016	1 January- 31 December 2015
Average number of shares outstanding during the period	1.657.578.750	1.657.578.750
Net (loss) for the period attributable to owners	(5.318.125)	(10.948.156)
(Loss) per share	(0,0032)	(0,0066)

25. FINANCIAL LIABILITIES

a) Bank Loans

Pinamaial Rabilitais	31 December	31 December	31 December
Financial liabilities	2016	2015	2014
Short term bank loans	31.923.533	23.502.325	24.639.981
Short term portion of long term loans	4.222.063	7.717.838	6.777.287
Short term leasing payables	6.217.755	5.847.609	4.787.114
Other financial liabilities	1.949.803	1.470.589	493.248
Total short term financial liabilities	44.313.154	38.538.361	36.697.630
Long term bank loans	1.454.807	4.862.347	11.167.210
Long term leasing payables	21.258.594	22.633.853	22.750.835
Total long term financial liabilities	22.713.401	27.496.200	33.918.045
Total financial liabilities	67.026.555	66.034.561	70.615.675

	Weighted average effective	31 December 2	2016
Currency	Interest Rate	Short Term	Long term
TL	%13,39	7.644.945	-
EUR	%1,60	28.500.651	1.454.807
	•	36.145.596	1.454.807
	Weighted average effective	31 December 2	2015
Currency	Weighted average effective Interest Rate	31 December 2 Short Term	2015 Long term
Currency	_		
	Interest Rate	Short Term	

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

25. FINANCIAL LIABILITIES (cont'd)

a) Bank Loans (cont'd)

	Weighted average effective	3	1 December 201	4
Currency	Interest Rate	Shor	rt Term	Long term
TL	%10,22	1.5	00.000	-
EUR	%2,51	29.9	17.268	11.167.210
		31.4	17.268	11.167.210
Maturities of bank loans	are as follow:	31 December 2016	31 December 2015	31 December 2014
Within 1 year		36.145.596	31,220,163	31.417.268
<u>-</u>				
Within 1 - 2 years		1.454.807	2.885.429	7.499.750
Within 2 - 3 years		-	1.246.070	2.561.345
Within 3 - 4 years		-	730.848	1.106.115
	•	37.600.403	36.082.510	42.584.478

As of 31 December 2016, the amount of Guarantees given related to ongoing bank loans is TL 35.220.824. TL 23.316.722 of the total amount consist of guarantee letters and rest of the remaining amount to TL 11.904.102 consist of shareholders personal sureties (31 December 2015: TL 20.458.522 Guarantee Letters, TL 15.085.364 Personal Sureties TL; 31 December 2014: TL 23.601.016 Guarantee Letters, TL 18.875.915 Personal Sureties) (Not 12).

Except the guarantee letters mentioned above; because of the characteeristic of discount loans used by the entity, on behalf of the entity, the amount of TL 1.922.481 in bank accounts is blocked by a rate of 2,75% until the maturity date (31 December 2015: TL 1.050.912; 31 December 2014: TL 610.682).

b) Financial Lease Payables (cont'd)

		Minumum I	ease Payments			ne of Minumum Lease Payments
Financial lease payables	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
Within one year In the two to ten years	7.674.136 23.450.816 31.124.952	7.404.156 25.649.202 33.053.358	6.436.196 26.409.281 32.845.477	6.217.755 21.258.594 27.476.349	5.847.609 22.633.853 28.481.462	4.787.114 22.750.835 27.537.949
Less: Future finance charges Present value of financial lease payables	(3.648.603)	(4.571.896) 28.481.462	(5.307.528)			
Less: Amounts due to settlement within twelve months (disclosed in current liabilities)	(6.217.755)	(5.847.609)	(4.787.114)			
Amounts due for settlement after 12 months	21.258.594	22.633.853	22.750.835			

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

25. FINANCIAL LIABILITIES (cont'd)

b) Financial Lease Payables (cont'd)

		31 December	2016
Currency	Interest Rate	Short Term	Long term
USD	%5,9-%7,5	5.214.601	21.258.594
EUR	%4,5-%7,5	1.003.154	-
	=	6.217.755	21.258.594
		31 December	2015
Currency	Interest Rate	Short Term	Long term
USD	%5,9-%7,5	4.267.098	21.774.633
EUR	%4,5-%7,5	1.580.511	859.220
	_	5.847.609	22.633.853
	Weighted average effective	31 December	2014
Currency	Interest Rate	Short Term	Long term
TL	%0	36.977	-
USD	%5,9-%7,5	3.133.343	20.684.925
EUR	%4,5-%7,5 <u> </u>	1.616.794	2.065.910
		4.787.114	22.750.835

Finance leases relate to manufacturing equipment with lease term of 10 years and other machine and equipment with lease term of 5 years. The group has options to purchase the equipment with lease term of 10 years and machine with lease term of 5 years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Applied interest rate related to finansal lease; for USD leases changes between 5,90% and 7,50% for EUR leases changes between 4,50% and 7,50%.

c) Other Financial Liabilities

Other financial liabilities	31 December 2016	31 December 2015	31 December 2014
Credit card payables (*)	1.949.803	1.470.589	493.248
	1.949.803	1.470.589	493.248

(*) Represents the credit card liabilities of Group to suppliers to purchase raw material and consumables.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, cash and cash equivalents disclosed in Note 15 and equity attributable to equity holders of the parent disclosed in Note 28, comprising share capital, reserves and accumulated losses.

The Group follows the capital by using debt/total capital ratio. This ratio is calculated by dividing net debt to total capital. Net debt is calculated by subtraction of cash and cash equivalents from liabilities amount (includes financial liabilities and obligations as indicated in balance sheet). Total capital is calculated as sum of shareholder's equity and net liabilities. As of 31 December 2016 and 2015 net debt/total capital ratio is presented below:

	31 December 2016	31 December 2015
Total borrowings	67.026.555	66.034.561
Less (-): Cash and cash equivalents	(8.723.026)	(10.612.034)
Net Liability	58.303.529	55.422.527
Total shareholders equity	14.875.034	20.316.987
Total shareholders equity	73.178.563	75.739.514
Net liability / total capital ratio	%79,67	%73,18

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. The Group management and the Board of Directors analyses and approve the policies about the management of the risks described below. Besides, the Group also considers the market value risk of all financial instruments.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management

		Receivables	bles		
	Trade Receivables	<u>rables</u>	Other Receivables	civables	
31 December 2016	Related Parties Third Parties Related Parties Third Parties	hird Parties B	clated Parties	Third Parties	Bank Deposits
Maximum credit risk as of balance sheet date (*)	,	19.577.432	1	333.210	8.707.440
- The part of maximum risk under guarantee with colleteral, etc.	1	ı	ı	t	
A. Carrying value of financial assets that are neither past due nor impaired	ı	15.771.866		333,210	8.707.440
B. Carrying value of financial assets that are renogiated, if not that will be accepted as part due nor impaired.		1	1		,
C. Carrying value of financial assets that are past due but not	1	3.805.566	1	•	•
 the part under guarantee with collateral, etc. 	1	1	t	I	
D. Carried value of impaired assets					
- Past due (gross carrying amount)	1	63.968	1	1	•
- Impairment	ı	(63.968)	'	1	•
- The part of net value under guarantee with colleteral etc.		ı	1	1	•
- Not pass due (gross carrying amount)	ı	ı	1	•	ı
 E. Offbalance sheet items with credit risk (*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance 	- not considered in the dete	- rmination of the	- balance	•	ŧ

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd) 26.

Receivables

b.1) Credit Risk Management (cont'd)

	Trade Receivables	ivables	Other Receivables	civables	
31 December 2015	Related Parties Third Parties Related Parties Third Parties	Fhird Parties	Related Parties	Third Parties	Bank Deposits
Maximum credit risk as of balance sheet date (*)	10.696	10.696 18.906.071	•	276.424	10.440.665
- The part of maximum risk under guarantee with colleteral, etc.	1	I	t	•	1
A. Carrying value of financial assets that are neither past due nor impaired	10.696	12.426.398	t	276.424	10.597.151
B. Carrying value of financial assets that are renogiated, if not that					
win be accepted as part due not impaned.	1	•	•		1
C. Carrying value of financial assets that are past due but not	•	6.479.673	ı	1	ı
- the part under guarantee with collateral, etc.		ı	I	t	1
D. Carried value of impaired assets					
- Past due (gross carrying amount)	•	63.968	1	ı	1
- Impairment	i	(63.968)	•	ı	Ī
 The part of net value under guarantee with colleteral etc. 	ı	ı	ı	,	•
- Not pass due (gross carrying amount)	1	1	•		•
E. Offbalance sheet items with credit risk	ı	ı	ı	t	ı

^(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd) 26.

b.1) Credit Risk Management (cont'd)

		Receivables	ables		
	Trade Receivables	civables	Other Receivables	civables	
31 December 2014	Related Parties Third Parties Related Parties Third Parties	Third Parties	Related Parties		Bank Deposits
Maximum credit risk as of balance sheet date (*)	10.576	10.576 17.541.133	1	209.448	10.440.665
- The part of maximum risk under guarantee with colleteral, etc.	ı	1		•	1
A. Carrying value of financial assets that are neither past due nor impaired	10.576	12.348.062	1	209.448	10.666.407
B. Carrying value of financial assets that are renogiated, if not that will be accepted as part due nor impaired.	·	•	•	•	ı
C. Carrying value of financial assets that are past due but not - the part under guarantee with collateral, etc.		5.193.071	1 1	1 1	1 1
D. Carried value of impaired assets - Past due (gross carrying amount)	,	450.813	1	•	ı
- Impairment	1	(450.813)	•	1	1
- The part of net value under guarantee with colleteral etc. Not pass due (gross carreing amount)	1 1	r s	1 1	1 1	
E. Offbalance sheet items with credit risk			•		
*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.	not considered in the d	etermination of th	e balance.		

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management (cont'd)

Aging of over due receivables

Trade Receivables	31 December 2016	31 December 2015	31 December 2014
Overdue 1- 30 days	3.165.632	3.236.747	3.044.712
Overdue 1-3 months	27.031	2.787.916	2.145.899
Overdue 3- 12 months	612.903	455.010	2.460
Total overdue receivables	3.805.566	6.479.673	5.193.071

.b.2) Liquidity risk management

Essential responsibility on liquidity risk management belongs to board of directors. Board of directors has created a liquidity risk management for the purposes of short, medium and long term funding and liquidity requirements of Group. Group manages the liquidity risk to follow estimated and actual cash flows and to provide continuance to funding to compensate the maturities of financial assets and liabilities. The credits that the Group will use in order to reduce liquidity risk as of balance sheet are disclosed in Note 25.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd) **2**6.

b.2) Liquidity risk management (cont'd)

		Total cash				
		outflow in				
31 December 2016		accordance with				
		contracts	Less than	3-12	1-5 years	More than
Maturities per contract	Carrying amount	$\overline{(1+11+111+1)}$	3 months (I)	months (II)		5 years (IV)
Non-derivative financial instruments						
Bank loans	37.600.403	38.540.315	14.685.998	22.381.070	1.473.247	1
Obligation under finance leases	27.476.349	31.006.582	2.102.224	5.453.542	23.450.816	1
Other Financial Liabilities	1.949.803	1.949.803	1.949.803	1	1	t
Trade payables	16.359.513	16.359.513	4.035.200	12.324.313	•	t
Other payables	7.513.455	7.513.455	63.873	29.782	7.419.800	1
Total liabilities	90.899.523	95.369.668	22.837.098	40.188.707	32.343.863	1
		<u>Total cash</u> outflow in				
31 December 2015		accordance with				
		contracts	Less than	3-12	1-5 years	More than
Maturities per contract	Carrying amount	(I+II+III+IV)	3 months (I)	months (II)		5 years (IV)
Non-derivative financial instruments						
Bank loans and factoring payables	36.082.510	37.009.329	14,586,464	17.337.773	5.085.092	1
Obligation under finance leases	28.481.462	32.941.946	1.866.316	5.426.428	25.076.050	573.152
Other Financial Liabilities	1.470.589	1.470.589	1.470.589	1	•	1
Trade payables	11.454.382	11.454.382	2.036.929	9.417.453	•	Ī
Other payables	6.378.436	6.378.436	23.236	•	6.355.200	•
Total liabilities	83.867.379	89.254.682	19.983.534	32.181.654	36.516.342	573.152

The Group expects the maturities to be the same with the maturities in the agreement.

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd) 26.

b.2) Liquidity risk management (cont'd)

		Total cash outflow in				
31 December 2014		accordance with				
		contracts	Less than	3-12	1-5 years	More than
Maturities per contract	Carrying amount	(I+II+III+IV)	3 months (I)	months (II)		5 years (IV)
Non-derivative financial instruments						
Bank loans and factoring payables	42.584.478	43.819.597	9.280.590	22.832.685	11.706.322	1
Obligation under finance leases	27.537.949	32.845.478	1.801.286	4.641.550	25.945.536	457.106
Other Financial Liabilities	493.248	493.248	493.248	1	•	•
Trade payables	6.770.173	6.770.173	2.292.220	4.477.953	1	•
Other payables	5.683.437	5.683.437	42.037	ı	5.641.400	1
Total liabilities	83.069.285	89.611.933	13.909.381	31.952.188	43.293.258	457.106

The Group expects the maturities to be the same with the maturities in the agreement.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

In current period the group's method of handling market risks and measure the risk level has not been changed.

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk. Foreign currency risk is managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

26.

b.3.1) Foreign currency risk management (cont'd)

31 December 2016	TL Equivalent	US Dollar	EUR	GBP	CHF	Other
1. Trade Receivables	6.932.125	842.103	986.686	68.559		-
2a. Monetary financial assets	7.267.220	445.146	1.024.688	435.791	300	18.993
2b. Non-monetary Financial Assets	7.283.172	ı	48.304	1.644.856	٠	٠
3. Other	2.247.981	3.981	599.509	2.281	ľ	•
4.CURRENT ASSETS	23.730.498	1.291.230	2.662.419	2.151.487	300	18.993
5. Other	125.213	35.580	•	•	1	t
6. NON-CURRENT ASSETS	125.213	35.580		ı	ı	ı
7. TOTAL ASSETS	23.855.711	1.326.810	2.662.419	2.151.487	300	18.993
8. Trade Payables	2.948.020	77.990	433.403	213.010	10.977	128.059
9. Financial Liabilities	34.600.034	1.448,122	7.952.722	•	1	ı
11. CURRENT LIABILITIES	37.548.054	1.526.112	8.386.125	213.010	10.977	128.059
12. Financial Liabilties	22.713.401	6.040.746	392.142	•	1	ı
12a. Monetary Other Liabilities	7.419.800	•	2.000.000	•	1	1
13. NON-CURRENT LIABILITIES	30.133.201	6.040.746	2.392.142	ı	1	1
14. TOTAL LIABILITIES	67.681.255	7.566.858	10.778.267	213.010	10.977	128.059
15. TOTAL LIABILITIES	67.681.255	7.566.858	10.778.267	213.010	10.977	128.059
16. Net Foreign Currency Assets/Liabilities Position (7-15)	(43.825.544)	(6.240.048)	(8.115.848)	1.938.477	(10.677)	(109.066)
17. Monetary nears Net Foreign Currency Assets / Liabilities (1+2a-8-9-12)	(51.108.716)	(6.240.048)	(8.164.152)	293.621	(10.677)	(109.066)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd) 26.

b.3.1) Foreign currency risk management (cont'd)

TL Equivalent	US Dollar	EUR	GBP	CHIF	Other
6.552.889	310.986	781.155	736.268		'
10.083.239	1.225.521	2.025.771	14.532	300	25.926
•	1	138.942	1.082.281	•	I
1.297.344	5.672	399.998	2.283	ı	j
17.933.472	1.542.179	3.345.866	1.835.364	300	25.926
103.452	35.580	•	ĺ	ı	(
103.452	35.580	1	J		
18.036.924	1.577.759	3.345.866	1.835.364	300	25.926
1,464,614	43.883	267.380	95.191	4.035	88.237
34.562.590	1.467.567	9.534.080	Ì	ı	1
36.027.204	1.511.450	9.801.460	95.191	4.035	88.237
27.496.200	7.488.868	1.800.594	1	1	1
6.355.200	1	2.000.000	1	1	,
33.851.400	7.488.868	3.800.594		ı	
69.878.604	9.000.318	13.602.054	95.191	4.035	88.237
69.878.604	9.000.318	13.602.054	95.191	4.035	88.237
(51.841.680)	(7.422.559)	(10.256.188)	1.740.173	(3.735)	(62.311)
(51.841.680)	(7.422.559)	(10.395.130)	657.892	(3.735)	(62.311)
	T.L. Equivalent 6.552.889 10.083.239 10.083.239 10.083.239 10.3.452 103.452 103.452 103.452 103.452 103.452 03.6.22.590 36.027.204 27.496.200 6.355.200 33.851.400 69.878.604 69.878.604 (51.841.680)		US Dollar 310.986 1.225.521 5.672 1.542.179 35.580 35.580 1.577.759 43.883 1.467.567 1.511.450 7.488.868 9.000.318 1 9.000.318 1 9.000.318 1	US Dollar EUR 310.986 781.155 73 1.225.521 2.025.771 1-108 5.672 399.998 1.83 35.580 - - 35.580 - - 1.577.759 3.345.866 1.83 43.883 267.380 9 1.467.567 9.534.080 9 1.511.450 9.801.460 9 7.488.868 1.800.594 9 9.000.318 13.602.054 9 9.000.318 13.602.054 9 9.000.318 13.602.054 9 9.000.318 13.602.054 9 9.000.318 13.602.054 9 9.000.318 13.602.054 9 9.000.318 10.256.188) 1.74	US Dollar EUR GBP 310.986 781.155 736.268 1.225.521 2.025.771 14.532 - 138.942 1.082.281 5.672 399.998 2.283 1.542.179 3.345.866 1.835.364 35.580 - - 1.577.75 3.345.866 1.835.364 43.883 267.380 95.191 1.467.567 9.534.080 - 1.511.450 9.801.460 95.191 7.488.868 1.800.594 - 2.0000.000 - 2.0000.000 - 9.000.318 13.602.054 95.191 9.000.318 13.602.054 95.191 9.000.318 13.602.054 95.191 (7.422.559) (10.256.188) 1.740.173 (3 (7.422.559) (10.395.130) 657.892 (3

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	- - - -	ļ				
31 December 2014	I.L. Equivalent	US Dollar	EUR	GBP	CHF	Other
1. Trade Receivables	5.914.183	330.774	693.816	887.101		1
2a. Monetary financial assets	9.640.483	131.293	2.798.010	379.193	300	121.198
2b. Non-monetary Financial Assets	E	1	336.142	1.714.456	Î	ı
3. Other	1.024.974	26.740	331.182	2.479	8.500	ı
4.CURRENT ASSETS	16.579.640	488.807	4.159.150	2.983.229	8.800	121.198
5. Other	102.123	35.580	6.955	1	Ī	ı
6. NON-CURRENT ASSETS	102.123	35.580	6.955	ı		1
7. TOTAL ASSETS	16.681.763	524.387	4.166.105	2.983.229	8.800	121.198
8. Trade Payables	1.432.156	8.997	338.116	121.710	8.500	•
9. Financial Liabilities	33.465.121	1.351.220	10.753.280	1		ı
10a. Other monetary liabilities	202.121	8.066	40.069	19.575	Ī	•
11. CURRENT LIABILITIES	35.099.398	1.368.283	11.131.465	141.285	8.500	۱ ا
12. Financial Liabilties	33.918.044	8.920.145	4.691.431	•	,	•
12a. Monetary Other Liabilities	5.641.400	•	2.000.000	•	•	1
13. NON-CURRENT LIABILITIES	39.559.444	8.920.145	6.691.431	r	 - - -	'
14. TOTAL LIABILITIES	74.658.842	10.288.428	17.822.896	141.285	8.500	
15. TOTAL LIABILITIES	74.658.842	10.288.428	17.822.896	141.285	8.500	•
16. Net Foreign Currency Assets/Liabilities Position (7-15)	(57.977.079)	(9.764.041)	(13.656.791)	2.841.944	300	121.198
1). Moneally items 1961 Folding Culterey Posess Liabilities (1+2a-8-9-12)	(57.977.079)	(9.764.041)	(13.992.933)	1.127.488	300	121.198

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign_currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar, EURO and GBP.

The following table details the Group's sensitivity to a %10 increase and decrease in US Dollar EURO and British Pounds against TL. %10 is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a %10 change in foreign currency rates. A positive number below indicates an increase in profit or equity.

According to Legislative Decree No 683 Article 6 which is published on Official Gazette no 29957 in 23 January 2017 by Central Bank of Turkey "TCMB". Export and rediscount credits that obtained before 1 January 2017 and maturity before 31 May 2017 should be paid as Turkish Lira "TL". In these transactions, currency rate (BUY) which is announced by TCMB as of 2 January 2017 will be used. If the currency rate is lower than that rate, the rate of transaction day will be used. The Group has 4.210.000 EUR Credit which is under this criteria, and the currency risk effect of this credit amount is 1.561.868 TL. The Group also has 3.954.152 EUR Credit which is affected by currency risk and the currency risk effect of this credit amount is 1.466.951 TL.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign_currency risk management (cont'd)

		mber 2016 /(Loss)		nber 2015 /(Loss)
	Revaluation of	Devaluation of	Revaluation of	Devaluation of
	foreign currency	foreign currency	foreign currency	foreign currency
	iororgii ourrenoy	Toroign curroney	10.01gii Carronoy	Toroign duriondy
	If	US Dollar apprecia	ted against TL by 10)%
1 - US Dollars net assets / liabilities	(2.195.998)	2.195.998	(2.158.183)	2.158.183
2- Part of hedged from US Dollar risk (-)	_	_	_	_
3- USD net effect (1+2)	(2.195.998)	2.195.998	(2.158.183)	2.158.183
		If Euro appreciated	against TL by 10%	
4 - Euro net assets / liabilities	(3.028.819)	3.028.819	(3.303.157)	3.303.157
5 - Part of hedged from Euro risk (-)	1.561.868	-	-	-
6- Euro net effect (4+5)	(1.466.951)	3.028.819	(3.303.157)	3.303.157
	I	f Sterling appreciate	ed against TL by 109	%
7- Sterling net assets / liabilities	126.812	(126.812)	282.940	(282.940)
8- Part of hedged from Sterling risk (-)	-	_	-	_
9- Sterling net effect (7+8)	126.812	(126.812)	282.940	(282.940)
	If	Swiss frank apprecia	ited against TL by 1	0%
10- Swiss frank net assets/liabilities	(3.679)	3.679	(1.094)	1.094
11- Part of hedged from Swiss frank (-)		-	_	-
12- Swiss Frank net effect (10+11)	(3.679)	3.679	(1.094)	1.094
	IfI	Polish Zloty apprecia	ated against TL by 1	0%
13- Polish Zloty net assets/liabilities	(9.189)	9.189	(4.674)	4.674
14- Part of hedged from Polish Zloty (-)		-	-	-
15- Polish Zloty net effect (13+14)	(9.189)	3.679	(4.674)	4.674
Total (3+6+9+12+15)	(3.549.005)	5.105.363	(5.184.168)	5.184.168

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.2) Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Strategies are assessed regularly in accordance with interest rate expectations and defined risk levels.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. Group management expects %1 fluctuation on interest rates (Euribor). 1% increase or decrease is used when reporting interest rate risk internally to key management personnel.

If Eurolibor rates had been 1 % higher and all other variables were held constant:

The Group's loss for the year ended 31 December 2016 would increase by TL 2.176 (Net income of 31 December 2015 would decrease by TL 34.256; 31 December 2014 would decrease by TL 16.100). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. If Eurolibor rates had been 1 basis points lower, the Group's net profit before tax would increase by the same amount during the accounting year.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 $\,$

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

27. FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values

	Loans and			
	receivables (including	Financial liabilities		
31 December 2016	cash and cash equivalents	at amortizated costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	8.723.026	-	8.723.026	28
Trade receivables	19.577.432	-	19.577.432	6
Other receivables	333.210	-	333.210	7
Other current assets	1.934.635	-	1.934.635	14
Financial liabilities				
Borrowings	-	67.026.555	67.026.555	25
Trade payables	-	16.359.513	16.359.513	6
Other payables	-	7.513.455	7.513.455	7
	Loans and			
	receivables (including	Financial liabilities		
31 December 2015	cash and cash equivalents	at amortizated costs	Carrying value	Note
Financial Assets			,	
Cash and cash equivalents	10.612.034	-	10.612.034	28
Trade receivables	18.916.767	-	18.916.767	6
Other receivables	276.424	-	276.424	7
Other current assets	1.065.940	-	1.065.940	14
Financial liabilities				
Borrowings	-	66.034.561	66.034.561	25
Trade payables	-	11.454.382	11.454.382	6
Other payables	-	6.378.436	6.378.436	7
			•	
	Loans and			
	receivables (including	Financial liabilities		
31 December 2014	cash and cash equivalents	at amortizated costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	10.679.098	-	10.679.098	28
Trade receivables	17.551.709	-	17.551.709	6
Other receivables	209.448	-	209.448	7
Other current assets	610.682	-	610.682	14
Financial liabilities				
Borrowings	-	70.615.675	70.615.675	25
Trade payables	-	6.770.173	6.770.173	6
Other payables	-	5.683.437	5.683.437	7

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

28. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

Cash Cash at banks Demand deposits Time deposits less than 3 mo	onths maturity	31 December 2016 15.586 8.707.440 2.819.678 5.887.762 8.723.026	31 December 2015 14.883 10.597.151 723.755 9.873.396 10.612.034	31 December 2014 12.691 10.666.407 2.909.482 7.756.925 10.679.098
Currency	Interest rate (%)	Matu	ırity	31 December 2016
Turkish Lira Euro GBP	%8,00 %1,42 %1,50	up to 1 mo up to 1 mo up to 1 mo	onth	1.300.000 3.508.037 1.079.725 5.887.762
Currency	Interest rate (%)	Matu	urity	31 December 2015
Euro USD Dollar USD Dollar	%1,50 %1,61 %2,74	up to 1 mo up to 1 mo up to 3 mo	onth	6.355.200 2.064.396 1.453.800 9.873.396
Currency	Interest rate (%)	Matu	rity	31 December 2014
Turkish Lira Euro GBP	%1,98 %0 %2,25	up to 1 mo between 1-2 mo up to 3 mo	onth onth	6.346.575 1.410.350 7.756.925

29. EVENTS AFTER REPORTING DATE

None.