

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2018**

***(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)***

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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Unaudited	Audited
ASSETS	Note	31 March 2018	31 December 2017
CURRENT ASSETS			
Cash And Cash Equivalents	4	34.221.528	34.502.481
Financial Investments	11	265.244	258.752
Trade Receivables		78.084.155	66.034.098
<i>Due From Related Parties</i>	3-5	6.806.992	3.675.488
<i>Trade Receivables, Third Parties</i>	5	71.277.163	62.358.610
Other Receivables		158.589	3.837.545
<i>Due From Related Parties</i>	3-6	--	3.225.587
<i>Other Receivables, Third Parties</i>	6	158.589	611.958
Inventories	8	152.127.278	125.256.520
Prepaid Expenses	9	50.283.580	24.678.228
Assets Relevant To Current Period Taxes	10	--	12.880.161
Other Current Assets	7	3.359.052	6.787.613
TOTAL CURRENT ASSETS		318.499.426	274.235.398
NON-CURRENT ASSETS			
Financial Investments	11	1.000	1.000
Trade Receivables		224.344	190.658
<i>Due From Related Parties</i>	3-5	185.000	190.658
<i>Trade Receivables, Third Parties</i>	5	39.344	--
Other Receivables		616.055	604.804
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	616.055	604.804
Tangible Fixed Assets	12	255.384.866	242.838.680
Intangible Fixed Assets	13	6.842.587	6.067.130
Prepaid Expenses	9	9.482.822	12.547.156
Deferred Tax Assets	30	4.234.866	3.898.746
TOTAL NON-CURRENT ASSETS		276.786.540	266.148.174
TOTAL ASSETS		595.285.966	540.383.572

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Unaudited	Audited
	Note	31 March 2018	31 December 2017
LIABILITIES			
CURRENT LIABILITIES			
Financial Liabilities	14	33.969.847	9.841.261
Short Term Portion Of Long Term Financial Liabilities	14	25.932.152	28.294.261
Trade Payables		141.137.328	121.822.437
<i>Due To Related Parties</i>	3-5	--	--
<i>Trade Payables, Third Parties</i>	5	141.137.328	121.822.437
Employee Benefit Obligations	15	12.790.527	11.120.359
Other Payables		146.862	1.500.506
<i>Due To Related Parties</i>	3-6	--	--
<i>Other Payables, Third Parties</i>	6	146.862	1.500.506
Deferred Income	16	35.148.727	23.057.061
Current Income Tax Liabilities	30	3.048.989	15.206.445
Provisions		5.788.937	3.169.766
<i>Provision For Employee Benefits</i>		--	--
<i>Other Provisions</i>	17	5.788.937	3.169.766
Other Current Liabilities	7	3.716.672	3.450.934
TOTAL CURRENT LIABILITIES		261.680.041	217.463.030
NON-CURRENT LIABILITIES			
Financial Liabilities	14	64.119.245	65.125.548
Provisions		8.840.818	8.362.308
<i>Provision For Employee Benefits</i>	18	8.840.818	8.362.308
Deferred Tax Liabilities	30	14.748.140	14.289.265
TOTAL NON-CURRENT LIABILITIES		87.708.203	87.777.121
EQUITY			
EQUITY HOLDERS OF THE PARENT		245.897.722	235.143.421
Paid-In Capital	20	42.799.695	42.799.695
Capital Adjustment Differences	20	25.090.345	25.090.345
Buy-Back Shares (-)	20	(11.081.201)	(11.081.201)
Share Premium	20	999.353	999.353
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		75.839.553	75.777.935
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	79.374.196	79.374.196
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(3.534.643)	(3.596.261)
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(669.762)	(307.917)
<i>Currency Translation Differences</i>	20	(669.762)	(307.917)
Restricted Reserves	20	16.863.339	12.789.314
Retained Earnings		85.001.872	19.725.898
Net Income For The Period		11.054.528	69.349.999
TOTAL LIABILITIES		595.285.966	540.383.572

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 1 JANUARY-31 MARCH 2018 AND 2017

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

		<i>Unaudited</i> 01.01- 31.03.2018	<i>Unaudited</i> 01.01- 31.03.2017
INCOME/LOSS	Note		
Revenue	21	199.178.296	151.824.453
Cost Of Sales (-)	22	(116.294.574)	(88.643.680)
Gross profit		82.883.722	63.180.773
General Administrative Expenses (-)	23	(8.315.741)	(7.532.147)
Marketing, Selling And Distribution Expenses (-)	23	(53.122.745)	(41.998.914)
Research And Development Expenses (-)	23	(929.677)	(750.100)
Other Income From Operating Activities	24	12.803.436	7.726.841
Other Expenses From Operating Activities	25	(11.779.531)	(7.880.678)
Operating Profit / Loss		21.539.464	12.745.775
Income From Investment Activities	26	146.166	156.383
Expenses From Investment Activities (-)	27	--	(19.171)
OPERATING INCOME BEFORE FINANCIAL INCOME		21.685.630	12.882.987
Financial Expenses (-)	29	(8.069.815)	(5.194.299)
Financial Income	28	601.966	770.530
PROFIT BEFORE TAX		14.217.781	8.459.218
Tax income/(expense)		(3.163.253)	(1.803.100)
Taxes On Income	30	(3.055.903)	(1.662.387)
Deferred Tax Income/(Expense)	30	(107.350)	(140.713)
PERIOD PROFIT / LOSS		11.054.528	6.656.118
Earnings Per Share			
Earnings Per Share	31	0,258	0,156
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		61.618	(164.474)
Gains/ Losses On Revaluation And Remeasurement	20	--	(27.195)
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	77.023	(178.398)
Tax Income/(Expense)		(15.405)	41.119
Deferred Tax (Expense) Income	30	(15.405)	41.119
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(361.845)	7.631
Currency Translation Differences		(361.845)	7.631
OTHER COMPREHENSIVE INCOME (LOSS)		(300.227)	(156.843)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		10.754.301	6.499.275

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY-31 MARCH 2018 AND 2017

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

					Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss				
	Paid In Capital	Inflation Adjustments Of Shareholders' Equity	Buy-Back Shares	Share Premiums/ Discounts	Gains/ Losses On Revaluation And Remeasurement	Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income For The Period	Total Equity
Balance at 01 January 2017	42.799.695	25.090.345	(54.250)	999.353	8.626.019	(2.941.056)	(22.352)	898.950	14.137.748	17.478.514	107.012.966
Transfer From Retained Profit	--	--	--	--	--	--	--	--	17.478.514	(17.478.514)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	6.656.118	6.656.118
Other Comprehensive Income	--	--	--	--	(21.756)	(142.718)	7.631	--	--	--	(156.843)
Balance at 31 March 2017	42.799.695	25.090.345	(54.250)	999.353	8.604.263	(3.083.774)	(14.721)	898.950	31.616.262	6.656.118	113.512.241
Balance at 01 January 2017	42.799.695	25.090.345	(11.081.201)	999.353	79.374.196	(3.596.261)	(307.917)	12.789.314	19.725.898	69.349.999	235.143.421
Transfer	--	--	--	--	--	--	--	4.074.025	(4.074.025)	--	--
Transfer From Retained Profit	--	--	--	--	--	--	--	--	69.349.999	(69.349.999)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	11.054.528	11.054.528
Other Comprehensive Income	--	--	--	--	--	61.618	(361.845)	--	--	--	(300.227)
Balance at 31 March 2018	42.799.695	25.090.345	(11.081.201)	999.353	79.374.196	(3.534.643)	(669.762)	16.863.339	85.001.872	11.054.528	245.897.722

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED AT 1 JANUARY-31 MARCH 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unaudited</i>	<i>Unaudited</i>
		01.01- 31.03.2018	01.01- 31.03.2017
A. Cash Flow From Operating Activities :	Note		
Profit / (Loss) Of The Period		14.217.781	8.459.218
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	5.562.829	3.551.718
Adjustment To Unearned Interest On Receivables	5-25	5.143.903	3.675.547
Adjustment To Unearned Interest On Payables	5-24	(6.581.615)	(3.365.970)
Adjustment To Interest Expenses	14	(769.773)	427.649
Adjustments Related To Provision (Reversal) For Employee Benefits	18	540.128	129.952
Adjustment To Provision For Lawsuits	17	1.049.948	750.000
Adjustment To Provision For Doubtful Receivables	5	(130.696)	1.373.886
Adjustment To Fair Value Increase / (Decrease)	20	--	(21.756)
Financial Investments Fair Value Adjustment	11	(6.492)	--
Adjustment To Tax Income (Expenses)	30	15.405	(41.119)
		19.041.418	14.939.125
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	5	(17.096.950)	(9.391.771)
Changes In Other Receivables	6	442.118	113.456
Changes In Other Assets	6	3.428.561	(2.921.787)
Changes In Inventories	8	(26.870.758)	(11.243.936)
Changes In Prepaid Expenses	9	(22.541.018)	(2.084.201)
Changes In Trade Payables	5	25.896.506	7.766.418
Changes In Other Payables	6	(1.353.644)	(7.735.098)
Changes In Employee Benefit Liabilities	15	1.670.168	(1.650.447)
Changes In Other Liabilities	7	1.834.961	834.374
Changes In Deferred Income	16	12.091.666	18.493.068
Taxes Returns (Payments)	30	(2.333.198)	(1.279.023)
Total		(5.790.170)	5.840.178
B. Cash Flow From Investing Activities			
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	6.172.826	478.389
-Cash Inflows From Sales Of Tangible Assets		5.488.200	478.389
-Cash Inflows From Sales Of Intangible Assets		684.626	--
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(25.057.298)	(5.165.533)
-Cash Outflows From Purchases Of Intangible Assets		(23.139.149)	(4.210.510)
-Cash Outflows From Purchases Of Intangible Assets		(1.918.149)	(955.023)
Collections From Advances Given	6	3.225.587	(315.602)
-Collections From Related Parties		3.225.587	(315.602)
Interest Income	24	--	325.360
Total		(15.658.885)	(4.677.386)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	11.192.369	18.229.610
-Cash Inflows / (Outflows) From Bank Loans		11.192.369	18.229.610
Cash Outflows From Payables	14	14.006.533	(16.316.427)
-Cash Outflows Due To Payment Of Borrowings		14.006.533	(16.316.427)
Cash Inflows / (Outflows) From Leasing Payments	14	(102.406)	(81.565)
Interest Paid	14	(3.804.738)	(3.019.303)
Interest Income	14	238.189	283.322
Total		21.529.947	(904.363)
Net (Decrease) / Increase Before Effects Of Foreign Exchange Rate (A+B+C)		80.892	258.429
D. Effects Of Foreign Exchange Rate Changes On Cash And Cash Equivalents	20	(361.845)	7.631
Net (Decrease) / Increase In Cash And Cash Equivalents (A+B+C+D)		(280.953)	266.060
E. Cash And Cash Equivalents At The Beginning Of The Period	4	34.502.481	24.059.181
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	34.221.528	24.325.241

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

NOTE 1 – ORGANIZATION OF THE GROUP

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi (“Parent Company”) and its subsidiary are referred as “Group” on the notes to the consolidated financial statements.

The summarized information of entities which are consolidated with “complete consolidation method” is comprised of the following;

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi

Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş. (“Company”) was established in 1987. The Company’s engaged in the production of bed, furniture, quilt, armchair, sofa, home textile and home furniture. The Company acquired and merged with İstanbul Pazarlama Yatak ve Yorgan Sanayi Ticaret A.Ş (“Yataş İstanbul Pazarlama A.Ş.”) on 28 February 2011. The Company established ‘Yatas Europe GMBH’ On 10.07.2015 as owner of 100% shares. Therefore the Company begin to prepare its consolidated financial statements in complete consolidation method.

For the period ended at 31 March 2018, 2.368 personnel are employed at the Company (31 December 2017: 2.258).

Company registered on the Kayseri Chamber of Industry with the number of 14222 and its legal adres Organize Sanayi Bölgesi 18. Cadde No:6 Melikgazi / Kayseri. The Company’s operating activities located on the Turkey. The Company has 68 stores belonging to the company itself in Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1996.

Company’s shareholding structure mentioned in Note 20.

Yatas Europe GMBH

Yatas Europe Gmbh (“Yatas Europe”) was established in 10.07.2015 in Germany. The Company’s engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture.

For the period ended at 31 March 2018, 5 personnel are employed by the Company. (31 December 2017: 5).

Yatas Europe’s shareholding structure as of 31 March 2018 in EUR are as following;

	31 March 2017		31 December 2017	
	Share Percentage	Share Amount (EUR)	Share Percentage	Share Amount (EUR)
Shareholders				
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	100.00%	100.000	100.00%	100.000
	100.00%	100.000	100.00%	100.000

NOTE 2 – BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compatibility Statement

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“TAS/IFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

The consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 2 June 2016 by POA and the format and mandatory information recommended by CMB.

Approval of Consolidated Financial Statements

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on May 10, 2018. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

Financial Statements Correction in High Inflation Period

Group was abolished inflation accounting application for 01 January 2005

Currency

The financial statements and the prior period financial statements for comparison purpose, in the accompanying statements are prepared in terms of Turkish Lira (TRY).

Subsidiaries Operating in Countries Other Than Turkey's Financial Statements

Financial statements of subsidiaries, operating in countries other than Turkey, are prepared properly according to their laws and to regulations and are adjusted Turkish Accounting Standards and Turkish Financial Reporting Standards for the purpose of fair presentation by the Public Oversight Accounting and Audited Standards Authority. The related Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Foreign exchange differences arising from the use of the average and balance sheet date rates are included in the “currency translation difference” under the shareholders' equity.

Offsetting

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

Basis of Consolidation

The companies are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company. Parent Company has controlling rights if it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The companies which have continuous relationship on management and power to govern Parent Company's policies and/or which have direct or indirect capital and management relationship or which have voting share of Parent Company between the rates 20-50% are accounted by using equity pick-up method.

Complete Consolidation Method

The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.
- The minority part of shareholders' equity including paid capital of the companies subject to consolidation is classified as "Minority Interest" in accompanying financial statement.

The portion of the third parties other than consolidated companies in the net profit or losses of the subsidiaries are classified as "Minority Interest" in the income statements. The 100% shares of the subsidiary is owned by the Parent Company therefore minority interest is not occurred.

As of 31 March 2018 and 31 December 2017 the Company that are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company are as below;

	Ownership of the Parent Company through the Subsidiary		Minority Interest
Subsidiaries	(Direct)	(Direct+ Indirect)	Ratio
Yatas Europe Gmbh	100.00%	100.00%	-

2.b New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of January 1, 2017. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

Amendments to IAS 7 Statement of cash flows

The amendment on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

Amendments IAS 12 Income Taxes

The amendment is effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment did not have a significant impact over consolidate consolidated financial position or performance of the Group.

Annual Improvements 2014-2016 Cycle

IFRS 12, 'Disclosure of interests in other entities'; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. The amendment did not have a significant impact over consolidate consolidated financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

TFRS 15 Revenue from Contracts with Customers

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

TFRS 9 Financial Instruments

In January 2016, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

Annual Improvements to IFRS - 2014-2016 Cycle

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, TAS 19 transition provisions and TFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organization or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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

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

The TASB issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

- The amendments, provide requirements on the accounting for; the effects of vesting and non-vesting conditions on the measurement of cash-settled sharebased payments,
- share-based payment transactions with a net settlement feature for withholding tax obligations; and,
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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

The TASB issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds. The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

IFRIC 23 Uncertainty over income tax treatments

The amendment effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS Interpretation Committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

2.b. Changes in Accounting Policies

A Group may change its accounting policy only in the following situation;

- If it is required by a Standard or Exercise or
- If it assures to present financial status, performance of The Group or transaction effects on the cash flow and effects of events on the financial statements more reliable and consistent.

The user of financial statements should be able to compare financial statements of a Group within the time period to determine the financial status, performance of The Group or transaction effects on the cash flow. Due to this reason, unless there is a change in accounting policy as stated above, it has to apply same accounting policy in every interim and fiscal period.

2.c. Changes in Accounting Estimates and Errors

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements. Changes in accounting estimates and errors explained in title of "Comparative Information and Previous Periods Financial Statements Adjustments".

Comments those would have significant effect on balances reflected in the financial statements and important expectations and valuations considering present or future expectation as of report date, are as following.

Provision for doubtful receivables

Provision for doubtful receivables reflects the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is presented in Note 5.

Useful lifetime of tangible and intangible assets

Group reserves provision for depreciation regarding to footnote 2.d that refers to useful lifetime on fixed assets. Information about useful lifetime is described in footnote 2.d.

Provision for lawsuits

While setting provision for lawsuits, it has considered probability to lose lawsuit, then the consequences of losing case by the legal advisor of the Group. Details of the lawsuits provisions are in Note 19 based on the estimation by utilizing information given by Group Management.

Severance pay provision

Severance pay provision is calculated with actuarial expectation based on assumptions like discount rates, salary increase in the future and probability to quit the job. This planning covers long term concerns. Hence assumptions involve vital uncertainty. Provisions for employee benefits are given in detail in Note 18.

Deferred Tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with IFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and IFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. 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 that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the revaluation, as of 31 March 2018, temporary differences due to tax incentives can be foreseen and the fraction falls in continuity of tax incentives within the context of tax legislations, can be benefited from and is to be tax assets and accounted. As of balance sheet date, the details regarding deferred tax calculations are stated in Note 30.

Comparative Information and Previous Periods Adjustments

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

2.d. Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Financial Investments

Financial investments consist of shares. Financial investments are valued and discounted using effective interest rate and financial investments that accrued for the relevant period are presented on the financial statesments by calculating rediscounted.

A financial asset of financial liability at fair value difference through profit or loss

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

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

Financial Borrowings

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

Buy-Back Shares

The buy back shares are reflected in the "Buy-Back Shares disclosure" account under shareholders' equity in the Consolidated Financial Statements in accordance with the II-22.1 of the CMB's Communiqué on "Acquisition of Buy Back Shares". In addition, the shares are classified in "Restricted reserves" in accordance with the related communiqué.

Trade Receivables and Payables

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. For the periods ended there is no capitalized borrowing cost.

Provision for Doubtful Receivables

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

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

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the "weighted average" method. Cost elements included in inventories are materials, labor and factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

Tangible Fixed Assets and Amortisations

Tangible fixed assets except lands, buildings are carried at cost, restated by deduction of the yearly accumulated depreciation. Land and buildings are valued with their fair values. Borrowing costs are recognized in accordance with TAS-23 as an element of the book value of assets that are manufactured by the entity. Entities may subject their tangible assets to revaluation. Depreciation is calculated on a straight-line basis over the adjusted amounts and at the rates that reflect the economic useful lives of the following assets Land is considered as limitless useful life, so it is not subject to depreciation. Expected useful life, residual value and amortization method are reviewed for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates.

The depreciation rates for property, plant and equipment, which approximate the useful economic lives of these assets, are as follows:

Buildings	25-50 years
Property, plant and equipment	5-14 years
Motor vehicles	4-10 years
Furniture, fixtures and office equipment	5-25 years
Leasehold improvements	Rental Period - 5-10 years

Property, plant and equipment are reviewed for possible impairment and the carrying value of the tangible asset is reduced to its recoverable amount if the recoverable amount is greater than its recoverable amount. The recoverable amount is recognized as the higher of net cash flows from the current use of the property, plant and equipment and net selling price.

Appraisal reports containing fair value of property, plant and equipment held for sale is not obtained, Therefore method of deducting selling prices from fair value has not been applied. Property, plant and equipment held for sale are stated at cost in the financial statements.

Intangible Fixed Assets

Intangible fixed assets comprise of rights and they are recorded at acquisition cost. Intangible fixed assets are amortized on a straight-line method with prorated basis over period of between 3-10 years from the date of acquisition.

Financial Leases

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

Impairment of Assets

The Group evaluates whether there is an indicator for the decrease in value related to the asset for the rest of every assets of financial assets which are shown with the deferred tax and fair value, or not, at the every financial statement date. If there is an indicator, the regain amount of this asset is estimated. Impairment occurred if the topic assets or the net book value of unit which is belong to assets that produce cash is higher than the regain amount which was gained with the help of using or sale. In the related period, impairment lost is accounted in the income statement. Impairment loss of assets is reversed in the manner of not passing the amount of impairment which was saved before, in the situation of association an amount which was occur at the period which is following registration of impairment with the following increase in regain amount of this assets.

Severance Pay Provision / Employee Benefits

• Severance Pay

Under Turkish Labor Law, Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. This liability forsee, as of 31 March 2018, maximum 5.002 TRY (31 December 2017: 4.732 TRY), 30 days total gross revenue and other rights are based to calculate this value.

The Group has reflected the severance pay liability calculated on the balance sheet date on the financial statements using the expected inflation rate and the real discount rate based on the principles stated above for the financial statements as of 31 March 2018. The ratios of the basic assumptions used on the balance sheet date are as follows:

	31 March 2018
Rediscount rate	15,00%
Inflation rate	9,80%
Real dicount rates	4,74%

The Group has calculated severance pay liability on the financial statements in the accompanying consolidated financial statements using the "Projection Method" based on the experience gained over the past years by the Group in completing the personnel service period and entitlement to termination indemnity and discounting it with the government treasury rate at the balance sheet date. All calculated gains and losses are reflected in the income table.

• Social Insurance Premium

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

Fair value estimation:

The Group's various accounting policies and footnote disclosures require fair value for both financial and non-financial assets and liabilities. The fair values are determined by the following methods for valuation and / or disclosure purposes. Where feasible, the assumptions used in the determination of fair value are presented in the footnotes related to the asset or liability as additional information. Level-by-level valuation methods are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Tax

In the accompanying Consolidated Financial Statements, the tax consists of corporate tax provision and deferred tax. The corporation tax that will be arise from the results of the period's operations have set aside a provision for the income tax liabilities at the statutory tax rates that are valid at the balance sheet date. The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. 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 that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

Accounting Estimations

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Public Oversight Accounting and Auditing Standards Authority. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

Provisions, Contingent Liabilities and Assets

Provisions

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

Contingent Liabilities and Assets

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

Revenue

Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, commission and sales taxes. The Group's sales are comprised of Chemical products, Plant Installation and other sales of merchandises.

Sales of goods

Revenue from sales of coal is recognized when all the following conditions are satisfied:

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

Rendering of services

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

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

Interest income

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

Dividend and other incomes

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

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

Foreign Currency Assets and Liabilities

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

USD, EUR and GBP are used at the end of the period as follows:

	31 March 2018	31 December 2017
USD	3,9489	3.7719
EUR	4,8673	4.5155
GBP	5,5385	5.0803

Effects of Change in Currency Rate

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

Earnings Per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

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

Other Balance Sheet Items

Other balance sheet items are mainly reflected at book value.

Cash Flow Statement

The Group prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of Group's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the company. Cash flows related to financing activities comprise of funds used in financing activities of the Group and their repayments. 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 change in value.

Post Balance Sheet Events

Although post balance sheet events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet.

The Group adjusts the amounts in the consolidated financial statements if there exists any events necessitates adjustment. Subsequent events are stated in the consolidated notes to financial statements, if they do not need adjustments.

Reporting of Financial Information by Segments

The Group does not have an activity area to report activity according to the departments.

Buisness mergers

In 2015, the Parent Company acquired 100% of the shares of Yatas Europe Gmbh with the title of founding partner. The Parent Company did not have goodwill on the financial statements due to the acquisition of shares from the foundation of Yatas Europe as the founding partner.

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Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Group's Board of Directors and their families. In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms:

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi was established in 1976 in Kayseri. The Company is engaged in trade of polyurethane foam and quilt bed quilts and so on.

Şase Ev Tekst. Aksesuarları Sanayi Ticaret Limited Şirketi

Şase Ev Tekst. Aksesuarları Sanayi Ticaret Limited Şirketi was established in 2006 in Kayseri. The Company is engaged in trade of all kind of furniture and home textile accessories related to wood and covering products.

NOTE 3– RELATED PARTY TRANSACTIONS

	31 March 2018		31 December 2017	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	6.806.992	--	3.675.488	--
Long Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	185.000	--	190.658	--
Other Receivables (Note 6)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	--	--	--	3.200.705
Due from shareholders	--	--	--	24.882
Total	6.991.992	--	3.866.146	3.225.587

Sales to and / or income from related parties:

	1 January - 31 March 2018	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	838.765	89.467
Shareholders	--	--
Total	838.765	89.467
	1 January - 31 March 2017	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	3.075.054	97.863
Shareholders	--	27.076
Total	3.075.054	124.939

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Purchases and / or expenses from related parties:

	1 Ocak - 31 March 2018	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	206.378	188.136
Yavuz Altop	--	178.125
Yılmaz Öztaşkın	--	178.125
Other Shareholders	--	356.250
Total	206.378	900.636

	1 Ocak - 31 March 2017	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	8.705	167.797
Yavuz Altop	--	93.750
Yılmaz Öztaşkın	--	93.750
Diğer ortaklar	--	187.500
Total	8.705	542.797

The total amount of benefits provided to the senior management such as the chairman and members of the board of directors, general manager, general coordinator and general manager of the Group for the period ended 31 March 2018 is TRY 1.978.744 (31 March 2017: TRY 2.053.747).

4 - CASH AND CASH EQUIVALENTS

As of 31 March 2018 and 31 December 2017, the details of cash and cash equivalents are as follows:

	31 March 2018	31 December 2017
Cash	178.475	139.937
Banks	13.344.211	21.632.553
Time deposits	13.338.958	7.628.653
Demand deposits	5.253	14.003.900
Liquid funds(*)	20.698.842	12.729.991
Total	34.221.528	34.502.481

(*) Liquid funds consist of receivables arising from credit card sales. The average collection period for receivables from credit cards is 45 days.

As of 31 March 2018 the details of time deposits are as follows:

Currency	Interest rate	Amount
Turkish Lira TRY	%9,5	5.253
Total		5.253

5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	31 March 2018	31 December 2017
Trade Receivables	62.520.377	54.294.152
- Trade Receivables from related parties (note 3)	3.739.192	662.736
- Other trade Receivables	58.781.185	53.631.416
Notes Receivables	13.690.337	10.309.714
- Notes receivables from related parties (note 3)	3.067.800	3.012.752
- Other notes Receivables	10.622.537	7.296.962
Unearned Intrest (-)	(1.439.803)	(1.859.372)
Doubtful trade receivables	12.981.416	12.707.343
Provision for doubtful trade receivables (-)	(9.668.172)	(9.417.739)
Total	78.084.155	66.034.098

As of 31 March 2018 average maturity of trade receivables is 30 days

Group management predicts that, there isn't any collection risk related with these receivables classified in trade receivables since an important part of these receivables are from significant customers that have regular sales being made to them and maturity period of subsistence is at are reasonable level.

The movement schedule of provision for doubtful receivables is as follows:

	31 March 2018	31 December 2017
Opening balance	9.417.739	7.867.869
Additional provisions in the period	250.433	1.771.968
Cancellation of provision in period (-)	--	(222.098)
Total (End of the period)	9.668.172	9.417.739

Long Term Trade Receivables

	31 March 2018	31 December 2017
Notes Receivables	270.000	190.658
- Notes receivables from related parties (note 3)	185.000	190.658
- Other notes Receivables	85.000	--
Unearned Intrest (-)	(45.656)	--
Total	224.344	190.658

The maturity schedule of notes receivables are as follows:

	31 March 2018	31 December 2017
Overdue	669.400	--
Up to 3 months	1.710.050	1.883.930
3 to 12 months	11.310.887	8.425.784
1 to 5 years	270.000	190.658
Total	13.960.337	10.500.372

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The maturity schedule of overdue notes receivables are as follows:

	31 March 2018	31 December 2017
Up to 3 months	669.400	--
Total	669.400	--

Trade Payables

Short Term Trade Payables

	31 March 2018	31 December 2017
Trade payables	99.957.982	81.512.761
Notes payables	45.860.247	43.968.120
Unearned interest (-)	(4.680.901)	(3.658.444)
Total	141.137.328	121.822.437

As of 31 March 2018 average maturity of trade payables is 86 days (31 December 2017:86 days)

As of 31 March 2018 and 31 December 2017 maturity schedule of notes payables are as follows:

	31 March 2018	31 December 2017
Up to 3 months	33.240.309	34.202.547
3 to 12 months	12.619.938	9.765.573
Total	45.860.247	43.968.120

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	31 March 2018	31 December 2017
Receivables from related parties (Note 3) (*)	--	3.225.587
Receivables from personnel	146.334	144.978
Deposits and guarantees given	5.275	--
Advance cheques receivables	--	460.000
Other receivables	6.980	6.980
Total	158.589	3.837.545

(*) As of 31 December 2017 , The Group has non-commercial receivables total of 3.200.705 TRY from related party Süntaş Sünger ve Yatak Sanayi ve Ticaret A.Ş.. Therefore rediscount is not calculated for related amount. Between 01.01 – 31.12 2017 total amount of TRY 348.092 is reflected to financial statements due to maturity interest (Interest Rate : 9.75%). There is no contract or protocol for the collection of receivables.

Long Term Other Receivables

	31 March 2018	31 December 2017
Deposits and guarantees given	616.055	604.804
Total	616.055	604.804

The maturity distribution of advance cheques received as of 31 December 2017 is as follows:

	31 March 2018	31 December 2017
Up to 3 months	--	100.000
3 to 12 months	--	360.000
Total	--	460.000

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Short Term Other Payables

	31 March 2018	31 December 2017
Advance cheques given	--	1.295.080
Other sundry payables	146.862	205.426
Total	146.862	1.500.506

The maturity breakdown of advance checks given as of 31 December 2017 is as follows:

	31 March 2018	31 December 2017
Up to 3 months	--	1.295.080
Total	--	1.295.080

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 March 2018	31 December 2017
VAT carried forward	3.120.260	6.745.986
Receivables from tax office	238.792	41.627
Total	3.359.052	6.787.613

Other Current Liabilities

	31 March 2018	31 December 2017
Taxes and dues payable	3.348.647	2.442.219
Overdue or deferred taxes and dues payable	--	745.585
Other liabilities	368.025	263.130
Total	3.716.672	3.450.934

8 – INVENTORIES

	31 March 2018	31 December 2017
Raw materials	23.775.773	20.649.856
Work in process	7.128.622	6.882.723
Finished goods	87.859.239	69.009.935
Merchandises	33.236.656	28.136.733
Other inventories (*)	126.988	577.273
Total	152.127.278	125.256.520

(*) Other inventories consist of goods on transit.

As of 31 March 2018, there is insurance coverage amounting to TRY 132.575.000 on inventories

9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	31 March 2018	31 December 2017
Order advances given	39.952.230	17.566.588
Prepaid expenses	6.746.880	3.891.801
Advances given for business purposes	1.480.514	2.326.199
Advances given to personnel	2.103.956	893.640
Total	50.283.580	24.678.228

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Long-Term Prepaid Expenses

	31 March 2018	31 December 2017
Prepaid expenses	7.453.152	8.683.809
Advances given for purchases of property, plant and equipment	2.029.670	3.863.347
Total	9.482.822	12.547.156

10 – ASSETS RELEVANT CURRENT PERIOD TAX

As of 31 March 2018 and 31 December 2017 assets relevant current period tax is as following;

	31 March 2018	31 December 2017
Prepaid taxes and funds	--	12.880.161
Total	--	12.880.161

11 – FINANCIAL INVESTMENTS

The fair values of financial investments are classified as follows due to the data used to determine the levels.

31 March 2018	Level 1	Level 2	Level 3
Funds	265.244	-	1.000

As of 31 March 2018 and 31 December 2017 financial investments is as following;

Short term financial investmens

Funds	Number of Shares	Unit Price	Total Cost (TRY)	31 March 2018 Unit Price	Fair Value According to 31 March 2018(TRY)
Ak Portföy Para Piyasası Fonu	0,0143	16.950.641	242.517	0,0156	265.244
Total					265.244

As at 31 March 2018, short-term financial assets are reflected to the financial statements at their fair value.

Long term financial investmens (Available-for-sale financial assets)

	31 March 2018 (%)	TRY	31 December 2017 (%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
Total		1.000		1.000

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12 – TANGIBLE FIXED ASSETS

Cost	Lands	Land improvements	Buildings	Plants, machinery and equipment	Vehicles	Fixtures and fittings	Leasehold improvements	Construction in progress	Total
01 January 2017	16.125.861	115.734	49.137.037	42.016.484	4.613.416	44.048.378	39.120.134	9.710.234	204.887.278
Addition	--	--	11.785.597	25.208.945	1.677.519	11.631.252	6.223.392	5.402.360	61.929.065
Fair value changes	41.800.756	--	36.550.672	--	--	--	--	--	78.351.428
Transfer	--	--	9.610.323	186.335	--	(86.424)	--	(9.710.234)	--
Disposals	--	--	--	(795.129)	(48.111)	(1.180.475)	(421.223)	--	(2.444.938)
31 December 2017	57.926.617	115.734	107.083.629	66.616.635	6.242.824	54.412.731	44.922.303	5.402.360	342.722.833
Addition	--	--	1.274.987	14.747.660	216.186	3.900.424	1.820.847	1.179.044	23.139.149
Disposals	--	(11.654)	--	(21.106)	(25.784)	(138.653)	--	(5.402.360)	(5.599.557)
31 March 2018	57.926.617	104.080	108.358.616	81.343.189	6.433.226	58.174.502	46.743.150	1.179.044	360.262.425
Accumulated depreciation									
01 January 2017	--	77.520	9.952.814	31.418.080	2.034.866	22.209.644	21.228.022	--	86.920.946
Charge for the period	--	3.797	1.031.627	2.596.555	652.158	4.230.175	6.471.643	--	14.985.955
Fair value changes	--	(5.451)	(284.413)	--	--	--	--	--	(289.864)
Disposals	--	--	--	(601.747)	(37.676)	(1.034.573)	(58.888)	--	(1.732.884)
31 December 2017	--	75.866	10.700.028	33.412.888	2.649.348	25.405.246	27.640.777	--	99.884.153
Charge for the period	--	949	538.803	1.252.036	195.607	1.319.368	1.798.000	--	5.104.763
Disposals	--	(6.604)	--	(18.761)	(25.784)	(60.207)	--	--	(111.356)
31 March 2018	--	70.211	11.238.831	34.646.163	2.819.171	26.664.407	29.438.777	--	104.877.559
Net book value, 31 December 2017	57.926.617	39.868	96.383.601	33.203.747	3.593.476	29.007.485	17.281.526	5.402.360	242.838.680
Net book value, 31 March 2018	57.926.617	33.869	97.119.785	46.697.026	3.614.055	31.510.095	17.304.374	1.179.044	255.384.866

As of 31 March 2018 there is insurance amounting to TRY 336.989.560 on property, plant and equipment The liability amounts for fixed assets are mentioned in Note 19.

Group's "buildings and lands" are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 31 December 2017 with deducted accumulated depreciation.

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13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Other Rights	Total
01 January 2017	406.375	87.087	3.780.799	1.220.664	1.824.571	7.319.496
Addition	2.222.124	204.925	356.045	1.442.525	38.501	4.264.120
Disposals	--	--	--	--	--	--
31 December 2017	2.628.499	292.012	4.136.844	2.663.189	1.863.072	11.583.616
Addition	19.517	--	565.751	1.332.881	--	1.918.149
Disposals	(730.000)	--	(10.400)	--	--	(740.400)
31 March 2018	1.918.016	292.012	4.692.195	3.996.070	1.863.072	12.761.365
Accumulated depreciation						
01 January 2017	143.524	29.044	1.499.435	965.262	1.759.274	4.396.539
Charge for the period	373.397	26.344	547.265	151.590	21.351	1.119.947
Disposals	--	--	--	--	--	--
31 December 2017	516.921	55.388	2.046.700	1.116.852	1.780.625	5.516.486
Charge for the period	195.227	14.504	147.275	94.189	6.871	458.066
Disposals	--	--	(7.107)	(48.667)	--	(55.774)
31 March 2018	712.148	69.892	2.186.868	1.162.374	1.787.496	5.918.778
Net book value, 31 December 2017	2.111.579	236.624	2.090.144	1.546.337	82.447	6.067.130
Net book value, 31 March 2018	1.205.869	222.120	2.505.327	2.833.696	75.576	6.842.587

14 - FINANCIAL BORROWINGS

As of 31 March 2018 and 31 December 2017 the details of short term financial borrowings are as follows:

Short Term Financial Borrowings

	31 March 2018	31 December 2017
Turkish Lira financial borrowings	21.801.597	5.325.761
Foreign currency financial borrowings	12.168.250	4.515.500
Total	33.969.847	9.841.261

Current Installments of Long-Term Financial Liabilities

	31 March 2018	31 December 2017
Current installment of long term Turkis Lira financial borrowings	11.261.621	11.906.176
Current installment of long term foreign currency financial borrowings	13.338.381	13.900.389
Leasing payables	548.006	587.737
Accrual of interest	784.144	1.899.959
Total	25.932.152	28.294.261

Long Term Financial Borrowings

	31 March 2018	31 December 2017
Turkish lira financial borrowings	14.752.595	17.081.305
Foreign currency financial borrowings	49.094.602	47.709.521
Leasing payables	272.048	334.722
Total	64.119.245	65.125.548

As of 31 March 2018, the average effective interest rates of Eur and Try bank borrowings are 2,42% and 18,59% (31 December 2017: Eur – 3,11%, TRY – 13,73%)

Liabilities given for bank borrowings are mentioned in note 19.

As of 31 March 2018 and 31 December 2017 maturity schedule of banks borrowings are as follows:

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	31 March 2018	31 December 2017
Up to 12 months	59.117.855	36.235.562
1 to 5 years	56.686.376	57.769.389
Over 5 years	7.432.869	7.356.160
Total	123.237.100	101.361.111

15 – EMPLOYEE BENEFIT LIABILITIES

	31 March 2018	31 December 2017
Due to personnel	7.429.314	6.189.840
Social security premiums payable	5.361.213	4.930.519
Total	12.790.527	11.120.359

16 – DEFERRED INCOME

	31 March 2018	31 December 2017
Advances received	35.148.727	23.057.061
Total	35.148.727	23.057.061

17 – PROVISIONS

	31 March 2018	31 December 2017
Expense accruals	1.914.346	45.175
Provisions for litigation expenses	3.874.591	3.124.591
Total	5.788.937	3.169.766

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	31 March 2018	31 December 2017
Provision for severance pay	8.840.818	8.362.308
Total	8.840.818	8.362.308

The movement of the provision for employee benefits is as follows;

	01 January – 31 March 2018	01 January – 31 March 2017
Balance at the beginning	8.362.308	5.783.793
Cost of services	1.496.122	1.106.904
Interest cost	97.651	135.823
Actuarial profit / (loss)	(77.023)	178.398
Severance pay paid in the period	(1.038.240)	(1.148.455)
Total	8.840.818	6.056.463

19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

	31 March 2018	31 December 2017
Opening balance	3.124.591	1.154.591
Provisions reversed during the period	--	(1.030.000)
Provisions within period	750.000	3.000.000
Closing balance	3.874.591	3.124.591

Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	31 March 2018	31 December 2017
A. Total Amount of GSM Given on Behalf of Legal Entity	233.294.767	194.500.961
B. Total Amount of GSM Given for Partnerships which are Included in Full Consolidation	N/A	N/A
C. Total Amount of GSM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	N/A	N/A
D. Total Amount of Other GSM Given	N/A	N/A
i. Total Amount of GSM Given for the Parent Company	N/A	N/A
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	N/A	N/A
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	N/A	N/A
Total	233.294.767	194.500.961

Letters of guarantee - As of 31 March 2018, the Group has given letters of guarantee amounting to TRY 32.676.308 to the suppliers and other corporations. The details of the letters of guarantee are as below:

	Foreign currency	Amount	FX Rate	TRY equivalent
Electricity Distribution Companies	TRY	475.660	1,0000	475.660
Executive Directorate	TRY	100.000	1,0000	100.000
Customs Directorate	TRY	94.796	1,0000	94.796
Gas Distribution Companies	TRY	144.000	1,0000	144.000
Private Sector	TRY	73.073	1,0000	73.073
Private Sector	USD	371.243	3,9489	1.466.002
Private Sector	EURO	587.297	4,8673	2.858.550
Export Credit Bank of Turkey	EURO	5.626.164	4,8673	27.384.227
Export Credit Bank of Turkey	TRY	80.000	1,0000	80.000
Total				32.676.308

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As of 31 March 2018, the details of the letters of guarantee and bonuses given are as follows;

	Foreign currency	31 March 2018	31 December 2017
Bills Given (EUR)	1.000.000	4.867.300	4.515.500
Surety bond (TRY)	--	2.000.000	2.000.000
Total		6.867.300	6.515.500

Contingent Asset

	Foreign currency		31 March 2018 TRY equivalent	31 December 2017
Letters of Guarantee (TRY)	42.509.000	50.670.000	42.509.000	50.670.000
Letters of Guarantee (USD)	525.463	448.315	2.075.000	1.691.000
Letters of Guarantee (EUR)	42.940	67.381	209.000	280.000
Mortgages	54.367.500	45.200.250	54.367.500	45.200.250
Mortgages (Abroad)	2.534.000	1.384.000	2.534.000	1.384.000
Total			101.694.500	99.225.250

As at 31 March 2018, mortgages on various tangible assets of the Group amounting to TRY 193.751.160 (31 December 2017: TRY 157.484.300).

20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 150.000.000 (31 December 2017: TRY 150.000.000).

Paid-in capital of the parent company each 1 kr. of the total shares of the Company with a nominall amount of TRY 42.799.695 (31 December 2017: TRY 42.799.695).

The shareholding structure of the parent company as of 31 March 2018 and 31 December 2017 is as follows;

	31 March 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkın	3.550.686	%8,30	3.550.686	%8,30
Yılmaz Öztaşkın	3.125.770	%7,30	3.125.770	%7,30
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	2.419.385	%5,65	2.419.385	%5,65
Other (*)	33.703.854	%78,75	33.703.854	%78,75
	42.799.695	%100,00	42.799.695	%100,00
Inflation Adjustment (**)	25.090.345		25.090.345	
Total	67.890.040		67.890.040	

(*) includes buy back shares nominal amount of TRY 921.781 mentioned in note 20.7

(**) Inflation adjustment is total difference between statutory capital amount to adjusted capital amount. Inflation adjustemen restricted to be added on capital.

20.2 Previous Years Profits, Restricted Reserves, Fair Value Reserves and Other Capital Reserves

BIST Companies (Public Quoted Companies on Turkish Capital Market Board) distribute dividends according to the Communiqué No: II-19.1 on the dividend distribution effective from 01 February 2014 of the CMB. The arrangements and explanations in the Dividend Communiqué are summarized below.

The profit distribution will be distributed again with the decision of the General Assembly within the framework of the Dividend Distribution Policy to be determined by the General Assembly. While partnerships determine profit distribution policies, they will also decide whether to distribute dividends. In this framework, profit distribution is in principle an elderly person. The SPK will be able to set different principles for profit distribution policies according to the qualifications of the companies.

In the profit distribution policies of the partnership:

- Whether the profit is not to be distributed and distributed,
- Profit share ratios and the account to be applied to these ratios,
- Payment methods and time,
- Whether the dividend will be distributed as cash or bonus shares (for companies traded on the stock exchange)
- There are issues to be distributed and not to distribute profit share advance.

The upper limit of the profit share to be distributed is the distributable amount of the relevant profit distribution resources included in the statutory records. The dividend is distributed equally to all of the existing shares as a rule at the date of distribution. The acquisition and export dates of the shares are not taken into account. It can not be decided to allocate another reserves and to transfer the profit to the next year unless reserve is made in accordance with the Turkish Commercial Law and the dividend foreseen for the shareholders in the articles of association and profit distribution policy.

On condition that whether it is in the Articles of incorporation, dividends distributable to privileged shareholders or non-beneficial owner of the shares, members of the board of directors, employees. However, dividends can not be distributed to usufruct shareholders, members of the board of directors, employees and other people without paying cash dividends determined for shareholders. In principle, the Communiqué presumes that the amount to be distributed may be up to ¼ of the profit share distributed to the shareholders, unless a determination is made in the main agreement regarding the amount of the dividends to be paid to the listed persons, except for the preferential shares. If the dividend is to be distributed to people outside the shareholder and payment by installments is in question, the installment amounts shall be paid according to the installments to be paid to the shareholders and according to the same principles.

The new Capital Markets Law and the new Communiqué provide the opportunity for donations from partnerships. However, it is sought to make provision in the substantive contracts. The CMB will be able to set an upper limit, as the amount of donations can be determined by the general assemblies.

Companies whose shares are quoted in the stock exchange:

- Proposal of board of directors for dividend distribution
- Or the decision of the board of directors on the distribution of dividends
- Dividend distribution table or profit share advance distribution table

announced to the public. It is obligatory for the dividend distribution chart to be disclosed to the public at the latest when the ordinary general assembly schedule is announced.

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Restricted reserves

	31 March 2018	31 December 2017
Legal reserves	5.782.138	1.708.113
Reserves for buy back shares	11.081.201	11.081.201
Total	16.863.339	12.789.314

20.3 Premiums for shares

Share premiums obtained from cash inflows from the sale of shares at market price. These premiums are stated under equity and can not be distributed. However, it can be used for future capital increases.

	31 March 2018	31 December 2017
Premiums	999.353	999.353
Total	999.353	999.353

20.4 Actuarial gain on severance pay/ loss

	31 March 2018	31 December 2017
Actuarial gain on severance pay/ loss of fund	(4.418.303)	(4.495.326)
Deferred tax	883.660	899.065
Total	(3.534.643)	(3.596.261)

20.5 Revaluation Fund

Group's "buildings and lands" are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 31 March 2018 with deducted accumulated depreciation.

	31 March 2018	31 December 2017
Revaluation fund	87.209.339	87.209.339
Deferred tax	(7.835.143)	(7.835.143)
Total	79.374.196	79.374.196

20.6 Foreign currency conversion differences

Currency conversion differences as of 31 March 2018 and 31 December 2017 are as follows;

	31 March 2018	31 December 2017
Foreign currency conversion differences	(669.762)	(307.917)
Total	(669.762)	(307.917)

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of foreign currency financial statements from the current currency to the reporting currency.

20.7 Buy back shares

As 31 March 2018 and 31 December 2017 buy back shares as following;

	31 March 2018	31 December 2017
Buy back shares (*)	(11.081.201)	(11.081.201)
Total	(11.081.201)	(11.081.201)

(*) Parent Company is authorised if it is necessary to buy back shares without any approval of the General Assembly, to the decision made in the Board of Directors meeting dated 01.09.2015. The decision is based on the scope of Communiqué on "Buy back shares numbered II-22.1 article 5 preventing "immediate and serious loss" issued by the CMB and it has been determined that there is a significant loss of 20% over the weighted average prices in the share prices of the Parent Company during the one month prior to the decision of the Board of Directors.

In accordance with II-22.1 "Communiqué on Buy Back Shares" issued by the CMB, the Group has purchased the shares quoted in the Exchange Market. As of 31 March 2018, the Group has Purchased 921,781 shares amounting to TRY 11.081.201 that is 2,15% of its total capital and reflected it in the accompanying financial statements under "Buy back shares in Equity". In addition, in accordance with the related communiqué, the amount of buy back shares is reclassified in "restricted reserves".

21 – REVENUE

For the periods ended at 31 March 2018 and 2017, the details of sales are as following:

	01 January – 31 March 2018	01 January – 31 March 2017
Domestic sales	300.632.260	221.789.433
Export sales	15.340.162	14.706.820
Other sales	2.393.862	1.224.344
Gross Sales	318.366.284	237.720.597
Sales returns (-)	(9.502.174)	(6.013.781)
Sales discounts (-)	(109.412.683)	(79.165.701)
Other discounts (-)	(273.131)	(716.662)
Sales returns and Discounts (-)	(119.187.988)	(85.896.144)
Net Sales	199.178.296	151.824.453

22 – COST OF SALES (-)

For the periods ended at 31 March 2018 and 2017, the details of cost of sales are as following;

	01 January – 31 March 2018	01 January – 31 March 2017
Cost of finished goods sold	86.124.296	85.405.787
Cost of merchandise	26.863.892	868.185
Cost of services sold	3.306.386	2.369.708
Total	116.294.574	88.643.680

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23 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (-)

	01 January – 31 March 2018	01 January – 31 March 2017
Research and development expenses	929.677	750.100
Marketing, sales and distribution expenses	53.122.745	41.998.914
General administrative expenses	8.315.741	7.532.147
Total	62.368.163	50.281.161

EXPENSES BY NATURE (-)

	01 January – 31 March 2018	01 January – 31 March 2017
Personnel expenses	17.340.563	15.641.540
Advertising expenses	13.384.477	10.301.579
Rent expenses	9.109.121	6.904.595
Transportation expenses	5.874.912	6.576.931
Retailer opening supports	3.833.308	387.348
Amortization expenses	3.756.721	2.845.804
Tax, duties and fee expenses	2.751.085	146.704
Travel and accommodation expenses	1.295.094	1.691.508
Electricity, water, climate expenses	814.826	712.541
Retailers common area rent expenses	655.392	529.105
Retirement pay provision expenses	555.533	94.272
Consultancy expenses	490.817	535.734
Material expenses	489.544	379.797
Maintenance and repair expenses	388.515	289.450
Insurance expenses	233.620	189.290
Communication expenses	96.951	81.514
Provision for doubtful receivables expenses	--	1.358.922
Other expenses	1.297.684	1.614.527
Total	62.368.163	50.281.161

24 – OTHER INCOME

	01 January – 31 March 2018	01 January – 31 March 2017
Rediscount income	6.581.615	3.365.970
Foreign exchange income	2.947.776	2.023.437
Incentive income	783.147	652.572
Other incentive income	495.112	248.786
Discounts, and premiums	409.212	566.675
Maturity difference income	238.189	283.322
Reversal of unnecessary provision	130.696	14.964
Rent income	11.288	--
Other income	1.206.401	571.115
Total	12.803.436	7.726.841

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25 – OTHER EXPENSES (-)

	01 January – 31 March 2018	01 January – 31 March 2017
Rediscount expenses	5.143.903	3.675.547
Foreign exchange losses	3.278.456	2.849.645
Maturity difference expenses	1.894.875	340.706
Litigation provision expenses	1.049.948	750.000
Other expenses	412.349	264.780
Total	11.779.531	7.880.678

26 – INVESTMENT ACTIVITIES INCOME

	01 January – 31 March 2018	01 January – 31 March 2017
Profit on sale of fixed assets	139.674	156.383
Fair value of financial investment	6.492	--
Total	146.166	156.383

27 – INVESTMENT ACTIVITIES EXPENSES (-)

	01 January – 31 March 2018	01 January – 31 March 2017
Loss on sale of fixed asset	--	19.171
Total	--	19.171

28 – FINANCIAL INCOME

	01 January – 31 March 2018	01 January – 31 March 2017
Foreign exchange incomes	598.435	770.530
Interest incomes	3.531	--
Total	601.966	770.530

29 – FINANCIAL EXPENSES (-)

	01 January – 31 March 2018	01 January – 31 March 2017
Foreign exchange losses	4.265.077	2.174.996
Interest expenses	2.057.163	1.154.432
Bank commission	1.586.803	1.747.058
Guarantee letter commison expenses	47.980	82.035
Other financial expenses	112.792	35.778
Total	8.069.815	5.194.299

30 – TAX ASSETS AND LIABILITIES

In Turkey, the corpore tax rate is 22% as of 31 March 2018 (31 December 2017: 20%). According to the law “ Law on the Amendment of Some Tax Acts and Some Other Laws” numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of December 31, 2017 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

As of 31 March 2018, provisional tax is payable at the rate of 22% (31 December 2017: 20%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this way are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised by tax office. Companies in Turkey obligated to pay 15% income tax for dividend payments whether shareholders located in Turkey or not whether legal entity or not unless if company or person have exempt or non-obliged to pay corporate tax or income tax. The companies located in Turkey exempted if dividend pays to an other company. Also If profit not distributed or profit add to capital there is none corporate tax occur.

Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 31 March 2018. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2018. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made. There are many exceptions to the Corporate Tax Law. The following are the exceptions to the Company regarding these exceptions:

If the property that reflected balance sheet for two years and sold, thier income's 75% as of 31 March 2018 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corporate tax's (31 December 2017: 20%)75% used exempt. As of 31 March 2018 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

Taxes in balance sheet

	31 March 2018	31 December 2017
Corporation tax	18.262.343	15.206.445
Prepaid taxes and funds (-)	(15.213.359)	(12.880.161)
Total	3.048.989	2.326.284

For the periods ended at 31 March 2018 and 2017, the details of tax income / expense are as following;

	01 January – 31 March 2018	01 January – 31 March 2017
Corporation tax	(3.055.903)	(1.662.387)
Deferred taxes in income statement	(107.350)	(140.713)
Deferred taxes in other comprehensive income statement	(15.405)	41.119
Total	(3.178.658)	(1.761.981)

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Deferred tax reconciliation

	01 January – 31 March 2018	01 January – 31 March 2017
Beginning of the period	(10.390.519)	(3.034.828)
Recognized in profit or loss	(107.350)	(140.713)
Recognized in other comprehensive income	(15.405)	41.119
End of term	(10.513.274)	(3.134.422)

According to the law “Law on the Amendment of Some Tax Acts and Some Other Laws” numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of 31 March 2018 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

	31 March 2018	31 Dec. 2017	31 March 2018	31 Dec. 2017
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
Deferred taxes:				
Retirement pay provision	8.840.818	8.362.308	1.768.163	1.672.461
Maturity difference and adjustments on inventories	4.860.151	4.055.042	1.069.233	892.109
Rediscount on receivables	1.485.459	1.900.714	326.801	418.157
Capitalized brand cancellations	3.424.265	3.424.265	684.853	684.853
Provisions for doubtful receivables	969.564	969.564	213.304	213.304
Interest accruals	784.144	--	172.512	--
Other	--	81.181	--	17.860
Deferred tax assets	20.364.401	18.793.074	4.234.866	3.898.744
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Adjustment of tangible and intangible assets	(33.953.242)	(33.615.626)	(5.693.644)	(5.626.120)
Rediscount on payables	(4.680.901)	(3.658.444)	(1.029.798)	(804.858)
Fair value adjustment	(22.727)	(16.235)	(5.000)	(3.572)
Interest accruals	(769.773)	(19.844)	(169.350)	(4.366)
Other	(69.114)	(69.114)	(15.205)	(15.205)
Deferred tax liabilities	(117.847.185)	(115.730.691)	(14.748.140)	(14.289.264)
Deferred tax assets / (liabilities), net	(97.482.784)	(96.937.617)	(10.513.274)	(10.390.520)

31 – EARNING PER SHARE

Earnings / loss per share is determined by dividing the weighted average number of shares in the current year by the weighted average.

	01 January – 31 March 2018	01 January – 31 March 2017
Net period profit	11.054.528	6.656.118
Each 1 Kr / 1 TRY Share	42.799.695	42.799.695
Earnings per Share	0,258	0,156

32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit risk

Credit risk is defined as the risk that a financial instrument will cause a financial loss to the Group because one party can not fulfill its contractual obligation. The Group is exposed to credit risk as a result of trade receivables arising from forward sales and deposits held in banks. The Group management reduces the credit risk related to customers' receivables by setting credit limits separately for each customer and taking collateral if necessary and selling only through cash collection to customers who are considered risky. The collective risk of the Group mainly arises from its commercial receivables. Trade receivables are assessed by considering their past experience and current economic condition and are shown net in the statement of financial position after the provision for doubtful receivables is appropriated.

The Group's exposure to credit risk as of 31 March 2018 is as follows:

	Receivables				Bank Deposit	Financial Investment
	Trade receivables		Other receivables			
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	6.991.992	67.333.883	--	774.644	13.344.211	265.244
- The part of maximum risk under guarantee with collateral		3.313.224	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	6.991.992	70.647.107	--	774.644	13.344.211	265.244
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	669.400	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--		
D. Net book value of impaired assets	--	(9.668.192)	--	--	--	--
- Overdue (gross book value amount)						
- Impairment (-)		(12.981.416)				
- The part of net value under guarantee with collateral etc	--	3.313.224	--	--	--	--
Non overdue (gross book value amount)						
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

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The Group's exposure to credit risk as of 31 December 2017 is as follows:

	Receivables				Bank Deposit	Financial Investment
	Trade receivables		Other receivables			
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	3.866.146	59.069.006	--	4.442.349	21.632.553	258.752
- The part of maximum risk under guarantee with collateral		3.289.604	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	3.866.146	62.358.610	--	4.442.349	21.632.553	258.752
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--		
D. Net book value of impaired assets	--	(9.417.739)	--	--	--	--
- Overdue (gross book value amount)						
- Impairment (-)		(12.707.343)				
- The part of net value under guarantee with collateral etc	--	3.289.604	--	--	--	--
Non overdue (gross book value amount)						
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

Liquidity risk

Fair liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

As of 31 March 2018 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow according to contract (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	124.021.244	138.303.474	12.614.157	53.696.832	63.753.968	8.238.517
Financial liabilities	124.021.244	138.303.474	12.614.157	53.696.832	63.753.968	8.238.517
Expected Maturities	Book Value	Cash outflow according to expected maturities (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	192.940.116	197.621.017	149.337.775	48.283.242	--	--
Trade payables	141.137.328	145.818.229	133.198.291	12.619.938	--	--
Other payables	51.802.788	51.802.788	16.139.484	35.663.304	--	--
Total	316.961.360	335.924.491	161.951.932	101.980.074	63.753.968	8.238.517

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The table below shows the liquidity risk of the Group as of 31 December 2017;

Maturities According to Contract	Book Value	Cash outflow according to contract (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	103.261.070	116.931.221	11.356.610	32.819.594	67.519.800	
Financial liabilities	103.261.070	116.931.221	11.356.610	32.819.594	67.519.800	5.235.217

Expected Maturities	Book Value	Cash outflow according to expected maturities (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	160.951.297	164.609.741	129.955.738	34.654.003	--	
Trade payables	121.822.437	125.480.881	115.647.575	9.833.306	--	--
Other payables	39.128.860	39.128.860	14.308.163	24.820.697	--	--
Total	264.212.367	281.540.962	141.312.348	67.473.597	67.519.800	5.235.217

Interest rate risk

Fluctuations may occur in the value of financial instruments by changing prices in the market. Such fluctuations may be due to price changes in securities or factors specific to the issuer of such securities or affecting the entire market. The Group's interest rate risk is mainly due to bank loans.

Although the interest rates of interest bearing financial liabilities vary, interest bearing financial assets have a fixed interest rate, and future cash flows do not change with the size of these assets. First of all, the Group's risk exposure to changing market interest rates depends on the Group's floating interest rate debt obligations. The Group's policy in this regard is to manage interest cost by using fixed and floating rate debts.

Interest Rate Risk Sensitivity Analysis

If the interest rates of the loans with variable interest rates were TRY and all other variables were 100 basis points (1%) higher / lower, the profit before tax for the period would be TRY 478.010 at 31 March 2018 due to higher / lower interest expenses it would be lower / higher. (31 December 2017 1.382.498 TRY)

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The Group's interest position is as follows;

		31 March 2018	31 December 2017
Fixed-rate financial instrument			
Financial assets			
	-Assets of at fair value through profit or loss	--	--
	-Marketable financial assets	--	--
Financial liabilities			
	Financial liabilities	108.087.594	67.917.513
Floating interest financial instrument			
Financial assets		--	--
Financial liabilities		15.933.650	35.343.557

Capital risk management

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

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

As of 31 December 2018 and 31 December 2017 net debt / total equity ratio is as follows:

	31 March 2018	31 December 2017
Total debts	349.388.244	305.240.151
Less: Liquid assets	(34.221.528)	(34.502.481)
Net debt	315.166.716	270.737.670
Total equity	245.897.722	235.143.421
Total capital	561.064.438	505.881.091
Net Debt/Total Equity ratio	56%	54%

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Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	30.169.497	5.798.558	1.473.482	18.000	--
2a. Monetary Financial Assets (including cash, banks)	6.503.207	1.625.431	16.774	524	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	23.175.020	1.308.246	3.699.975	--	--
4. Current Assets (1+2+3)	59.847.723	8.732.234	5.190.230	18.524	--
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	5.117.747	63.422	1.000.000	--	--
8. Non-Current Assets (5+6+7)	5.117.747	63.422	1.000.000	--	--
9. Total Assets (4+8)	64.965.471	8.795.656	6.190.230	18.524	--
10. Trade Payables	26.518.564	1.071.084	4.577.600	1.416	1.199
11. Financial Liabilities	26.046.376	--	5.351.299	--	--
12a. Other monetary financial liabilities	739.039	169.654	14.195	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	53.303.979	1.240.739	9.943.094	1.416	1.199
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	49.376.705	--	10.144.578	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	49.376.705	--	10.144.578	--	--
18. Total Liabilities	102.680.684	1.240.739	20.087.672	1.416	1.199
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(37.715.213)	7.554.918	(13.897.441)	17.108	(1.199)
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(37.715.213)	7.554.918	(13.897.441)	17.108	(1.199)

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Döviz pozisyonu tablosu	31 December 2017				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	28.476.934	5.379.537	1.792.584	18.000	--
2a. Monetary Financial Assets (including cash, banks)	28.795.739	4.088.263	2.961.039	915	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	--	--	--	--	--
4. Current Assets (1+2+3)	57.272.673	9.467.800	4.753.623	18.915	--
5. Trade Receivables	239.221	63.422	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. Non-Current Assets (5+6+7)	239.221	63.422	--	--	--
9. Total Assets (4+8)	57.511.895	9.531.222	4.753.623	18.915	--
10. Trade Payables	7.395.659	217.548	1.454.401	1.416	1.199
11. Financial Liabilities	18.850.050	--	4.174.521	--	--
12a. Other monetary financial liabilities	427.592	94.498	15.758	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	26.673.300	312.046	5.644.680	1.416	1.199
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	48.044.243	--	10.639.850	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	48.044.243	--	10.639.850	--	--
18. Total Liabilities	74.717.543	312.046	16.284.530	1.416	1.199
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(17.205.648)	9.219.176	(11.530.907)	17.499	(1.199)
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(17.205.648)	9.219.176	(11.530.907)	17.499	(1.199)

Details of the import and export amounts of the Group as of 31 March 2018 and 2017 are as follows;

	01.01- 31.03 2018		01.01- 31.03 2017	
	Import	Export	Import	Export
USD	343.024	2.173.573	758.635	2.279.323
EUR	4.098.280	1.022.834	1.539.097	1.528.444
TRY	--	239.956	--	--
GBP	12.911	--	6.936	--
TRY equivalent	20.547.195	13.283.356	8.886.269	14.706.820

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Foreign Currency Risk Sensivity Analysis

As of 31 March 2018, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

Foreign Currency Risk Sensivity Analysis Table		
01 January – 31 March 2018		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	2.983.361	(2.983.361)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	2.983.361	(2.983.361)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(6.764.302)	6.764.302
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(6.764.302)	6.764.302
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	9.475	(9.475)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	9.475	(9.475)
Total (3+6+9)	(3.771.465)	3.771.465

Foreign Currency Risk Sensivity Analysis Table		
01 January – 31 March 2017		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	3.477.381	(3.477.381)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	3.477.381	(3.477.381)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(5.206.781)	5.206.781
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(5.206.781)	5.206.781
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	8.890	(8.890)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	8.890	(8.890)
Total (3+6+9)	(1.720.510)	1.720.510

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

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

Financial Assets

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

Financial Liabilities

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

NOT 34 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSURE FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

As a result of the examination made by Turkish Capital Market Board Süntaş Parent Company purchased sponge from related party “Sünger ve Yatak Sanayi Ticaret Anonim Şirketi”, between 2002 and 2006 amounting to TRY 7.189.381,56 has been paid to Süntaş and it has been decided to pay back to the Parent Company in one month period with the legal interest. The Kayseri Public Prosecutor's Office has been ordered by the Capital Markets Board to appeal against the prosecution to the nearest criminal court. In the expert report dated 29.05.2009, it was stated that the claims were invalid. In the new expert report prepared in the course of the lawsuit, the amount transferred to the Süntaş with implicit transactions was determined as 1,694,048.09TRY and it was stated that the Board of Directors should be held responsible for these transactions. At the trial dated 01.02.2011, it was decided to request a report from the expert delegate of three experts in the field of capital market and criminal law.

During the proceedings of case, it was stated that the case file was sent to a committee which includes CMB Experts to reveal the contradiction in the expert reports and "It is alleged that defendants act is only be revealed by technical committee compare the sale price of sponge material with similar sponge material's price in the market to revel whether kind a concealed distribution of capital is realized or not. At the point where the technical committee made the comparison of the external precedent claim of the concealed distribution claim with this movement, the report dated 16.03.2012 issued by the experts on the issue of the file of the expert technical delegation within the Kayseri Chamber of Industry and Commerce in this regard, It is determined by the invoice application issued by the other similar sponge manufacturers that different sales prices can be applied even for the products indicated to have the same density at the same price but the reason why the wastes given at the production stage are not the same for each production amount, it has been found that price differences are applied in the same business / manufacturing firms in which the prices of the raw materials supplied are different from each other, the storage costs are increased due to the fact that the buyer has no inventory

At the trial dated 14.09.2012, all the expert reports were considered and allegation is based on subjective judgement and is not based on objective judgement, not based on material concrete. It is determined that defendands are not commit to crime by considering the quality and quantity of sponge is different by its cost and it effects the sale prices and the prices is reasonable decided by judge. As the CMB's legal rights reserved the the case is abated and defendads are not committed crime according to law 2499 is revealed and all public cases for defendands are abated according to criminal procedure law.

According to the T.C. Kayseri Commercial Court's 26 September 2016 and number 2016/1042 decision that liquadation of Süntaş Sünger ve Yatak Sanayi ve Ticaret A.Ş. and by the defendent 21 Feburary 2017 it has been appealed to the Presidency of the Supreme Court of Appeals Department of the Ankara District Court of Justice 21st Civil Rights Court on the grounds that it is contrary to the law.

NOTE 35 – POST BALANCE SHEET EVENTS

None.