

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT
30 SEPTEMBER 2018

*(CONVENIENCE TRANSLATION OF THE REPORT, THE FINANCIAL STATEMENTS AND THE EXPLANATORY
NOTES ORIGINALLY IN TURKISH)*

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MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
INTERIM PERIOD CONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2018
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
ASSETS	References	30.09.2018	31.12.2017
Current Assets		699,172,690	550,854,553
Cash and Cash Equivalents	4	9,760,893	37,228,665
Financial Investments	5	79,999	-
<i>Time deposits</i>	5	79,999	-
Trade Receivables		224,275,198	76,534,871
<i>Trade Receivables from Related Parties</i>	6-7	52,433,062	15,669,883
<i>Trade Receivables from Third Parties</i>	7	171,842,136	60,864,988
Other Receivables		11,359,759	71,165,075
<i>Other Receivables from Related Parties</i>	6-9	2,641,597	33,849,851
<i>Other Receivables from Third Parties</i>	9	8,718,162	37,315,224
Derivative Financial Instruments	10	682,213	74,004
<i>Derivative Financial Instruments for Trading</i>	10	682,213	74,004
Inventories	11	376,733,073	303,103,924
Biological Assets	12	3,789,538	4,209,447
Prepaid Expenses	13	6,851,528	2,781,682
<i>Prepaid Expenses to Third Parties</i>	13	6,851,528	2,781,682
Assets Related to Current Period Tax	14	493,674	5,854,147
Other Current Assets	22	65,146,815	49,902,738
<i>Other Current Assets from Third Parties</i>	22	65,146,815	49,902,738
Non-Current Assets		752,786,688	592,768,776
Financial Investments	5	9,650,000	9,650,000
Other Receivables		110,913	132,990
<i>Other Receivables from Third Parties</i>	9	110,913	132,990
Investments Valued by Equity Pick-up Method	15	182,843,973	159,847,474
Investment Properties	16	64,943,449	58,000,000
Tangible Assets	17	419,153,682	337,424,407
Intangible Assets	18	5,204,396	3,357,317
Prepaid Expenses	13	1,854,164	8,623,313
<i>Prepaid Expenses to Third Parties</i>	13	1,854,164	8,623,313
Deferred Tax Assets	29	69,026,111	15,733,275
TOTAL ASSETS		1,451,959,378	1,143,623,329

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
INTERIM PERIOD CONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2018
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	30.09.2018	31.12.2017
Current Liabilities		773,475,917	465,494,437
Financial Borrowings	8	377,602,658	210,823,715
<i>Financial Borrowings to Third Parties</i>		377,602,658	210,823,715
- Banks Loans	8	377,602,658	210,823,715
Current Installments of Long Term Financial Borrowings	8	155,604,289	109,158,744
<i>Current Installments of Long Term Financial Borrowings to Third Parties</i>		155,604,289	109,158,744
- Banks Loans		154,054,417	106,070,257
- Leasing Payables		1,549,872	3,088,487
Trade Payables		209,215,022	113,451,488
<i>Trade Payables to Related Parties</i>	6-7	12,128,957	56,905
<i>Trade Payables to Third Parties</i>	7	197,086,065	113,394,583
Employee Benefit Liabilities	21	14,412,294	14,843,236
Other Payables		5,237,691	3,188,490
<i>Other Payables to Related Parties</i>	6-9	1,116,749	802,333
<i>Other Payables to Third Parties</i>	9	4,120,942	2,386,157
Derivative Financial Instruments	10	2,751,400	770,333
<i>Derivative Financial Instruments for Trading</i>	10	2,751,400	770,333
Deferred Income	13	3,581,412	6,477,159
<i>Deferred Income from Third Parties</i>	13	3,581,412	6,477,159
Current Tax Liabilities of Period Profit	29	328,416	4,236,865
Current Provisions		4,742,735	2,544,407
<i>Provision for employee benefits</i>	20	4,252,620	2,125,159
<i>Other current provisions</i>	20	490,115	419,248
Non-Current Liabilities		519,377,658	347,178,408
Long Term Borrowings	8	475,228,986	314,743,532
<i>Long Term Borrowings to Third Parties</i>		475,228,986	314,743,532
- Bank Loans	8	473,531,238	314,600,926
- Leasing Payables		1,697,748	142,606
Deferred Income	13	-	207,724
<i>Deferred Income to Third Parties</i>	13	-	207,724
Long Term Provisions		41,600,772	31,436,701
<i>Long Term Provisions for Employee Benefits</i>	20	41,600,772	31,436,701
Deferred Tax Liabilities	29	2,547,900	790,451
Equity		159,105,803	330,950,484
Parent Company's Equity		177,570,680	331,903,252
Paid in Capital	23.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	23.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control	3	(25,567,435)	(25,567,435)
Other Comprehensive income or expense not to be reclassified on profit or losses			
<i>Actuarial gain/(loss) arising from retirement benefits</i>	23.3	(321,748)	878,779
Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss			
Restricted Reserves	23.4	10,209,777	10,209,777
<i>Legal Reserves</i>	23.4	10,209,777	10,209,777
Retained Earnings / Losses	23.5	95,896,998	41,407,192
Net Profit / (Loss) for the Period		(153,132,045)	54,489,806
Minority Interests	23.6	(18,464,877)	(952,768)
TOTAL LIABILITIES AND EQUITY		1,451,959,378	1,143,623,329

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS OF 1 JANUARY- 30 SEPTEMBER 2018
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
		Current Period	Prior Period	Prior Period	Prior Period
	Footnote References	01.01-30.09.2018	01.01-30.09.2017	01.07-30.09.2018	01.07-30.09.2017
Revenue	24.1	805,279,414	578,326,163	422,020,481	294,341,762
Cost of Sales (-)	24.2	(686,877,622)	(463,005,046)	(355,626,929)	(229,118,702)
Gross Profit / (Loss)		118,401,792	115,321,117	66,393,552	65,223,060
General Administrative Expenses (-)	25.3	(17,655,825)	(11,986,180)	(5,463,353)	(4,805,498)
Marketing Expenses (-)	25.2	(20,647,249)	(18,631,871)	(7,425,474)	(8,675,547)
Research and Development Expenses (-)	25.1	(3,065,374)	-	(1,196,398)	-
Other Operating Income	26.1	64,554,723	13,204,035	47,176,370	5,303,652
Other Operating Expense (-)	26.2	(26,499,715)	(12,289,449)	(8,961,424)	(2,764,907)
Operating Profit / (Loss)		115,088,352	85,617,652	90,523,273	54,280,760
Income from Investment Activities	27.1	135,050	55,046	135,050	-
Expense from Investment Activities (-)	27.2	-	(75)	-	-
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	27.3	22,996,499	10,086,843	2,253,375	2,121,057
Operating Activity Profit/(Loss) Before Financial Expense		138,219,901	95,759,466	92,911,698	56,401,817
Financial Income	28.1	12,640,773	18,778,667	6,718,309	4,077,516
Financial Expenses (-)	28.2	(374,910,464)	(60,155,365)	(244,037,282)	(23,327,122)
Operating Activity Profit/(Loss) Before Taxation		(224,049,790)	54,382,768	(144,407,275)	37,152,211
Operating Activity Tax Income/(Expense)					
Current Tax Income/(Expense)	29	(328,416)	(5,740,071)	112,871	(5,740,071)
Deferred Tax Income/(Expense)	29	51,229,415	(2,140,088)	30,226,285	1,013,901
Current Period Operating Activity Profit / (Loss)		(173,148,791)	46,502,609	(114,068,119)	32,426,041
Profit/(Loss) for the Period		(173,148,791)	46,502,609	(114,068,119)	32,426,041
Distribution of the Period Income/(Loss)					
Minority Interests	23.6	(20,016,746)	(2,616,819)	(13,011,600)	(884,416)
Parent Company's Shares		(153,132,045)	49,119,428	(101,056,519)	33,310,457
Earnings Per Share	30	(0.6125)	0.1965	(0.4042)	0.1332
Other Comprehensive Income: Income (Expenses) not to be Reclassified on Profit or (Loss)					
- Defined Benefit Plans Re-Measurement Gains (Losses)		(1,529,862)	2,376,803	(1,713,455)	1,537,662
- Deferred Tax Income / (Expense)		305,972	(475,361)	342,504	(307,532)
Other Comprehensive Income		(1,223,890)	1,901,442	(1,370,951)	1,230,130
Total Comprehensive Income/(Expense)		(174,372,681)	48,404,051	(115,439,070)	33,656,171
Distribution of Total Comprehensive Income					
Minority Interests		(20,040,109)	(2,605,446)	(13,039,612)	(875,953)
Parent Company's Shares		(154,332,572)	51,009,497	(102,399,458)	34,532,124

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF 1 JANUARY – 30 SEPTEMBER 2018
(Currency – Turkish Lira “TRY” unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated profits				
	Footnote References	Paid in Capital	Adjustments of Shareholders' Equity	The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	Defined Benefit Plans Re-Measurement Gains (Losses)	Restricted Reserves	Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
Balances at 01.01.2017	23	250,000,000	485,133	(25,567,435)	656,789	10,209,777	44,396,063	(2,988,871)	277,191,456	2,734,807	279,926,263
Transfers	23	-	-	-	-	-	(2,988,871)	2,988,871	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	1,890,070	-	-	49,119,428	51,009,498	(2,605,447)	48,404,051
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	49,119,428	49,119,428	(2,616,819)	46,502,609
- Other Comprehensive Income/(Expense)	23	-	-	-	1,890,070	-	-		1,890,070	11,372	1,901,442
Balances at 30.09.2017	23	250,000,000	485,133	(25,567,435)	2,546,859	10,209,777	41,407,192	49,119,428	328,200,954	129,360	328,330,314
Balances at 01.01.2018	23	250,000,000	485,133	(25,567,435)	878,779	10,209,777	41,407,192	54,489,806	331,903,252	(952,768)	330,950,484
Transfers	23	-	-		-	-	54,489,806	(54,489,806)	-	-	-
Capital Increase		-	-	-	-	-	-	-	-	2,528,000	2,528,000
Total Comprehensive Income/(Loss)		-	-	-	(1,200,527)	-	-	(153,132,045)	(154,332,572)	(20,040,109)	(174,372,681)
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	(153,132,045)	(153,132,045)	(20,016,746)	(173,148,791)
- Other Comprehensive Income/(Expense)	23	-	-	-	(1,200,527)	-	-	-	(1,200,527)	(23,363)	(1,223,890)
Balances at 30.09.2018	23	250,000,000	485,133	(25,567,435)	(321,748)	10,209,777	95,896,998	(153,132,045)	177,570,680	(18,464,877)	159,105,803

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIODS OF
01 JANUARY – 30 SEPTEMBER 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Reviewed</i> Current Period	<i>Reviewed</i> Prior Period
	Footnote References	01.01- 30.09.2018	01.01- 30.09.2017
CASH FLOWS FROM THE OPERATING ACTIVITIES		12,518,579	(47,222,543)
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		(173,148,791)	46,502,609
Adjustments Related with Net Profit/Loss for The Period		266,669,554	50,680,437
Adjustments for Depreciation, Amortisation Expenses	17-18	20,425,348	21,529,125
Adjustments Related to the Provisions			
- Adjustments for Employee Termination Benefits	20-25.2	8,940,181	3,287,657
- Adjustment for Provision for Expenses and Lawsuits	20	70,867	181,219
- Adjustment for Other Provisions or Reversals	20	2,127,461	561,507
Adjustments for Interest Income and Expense			
- Adjustments for Interest Expenses	8-28	12,348,394	4,118,512
- Unearned Income from Futures Sale	26.1	7,475,960	1,490,874
- Deferred Financial Expense Arise From Forward Purchasing	26.2	(4,537,377)	(1,124,153)
Adjustments for fair value income or loss			
- Adjustments for financial assets fair value losses /(profits)	5	-	17,140
- Adjustments for financial instruments fair value losses /(profits)	10-28	1,372,858	1,219,894
Adjustments for unrealized currency translation differences		292,977,748	26,870,056
Adjustments for retained earnings of investments subject to Equity Pick-up Method			
- Adjustments for undivided profits of subsidiaries	15	(22,996,499)	(10,086,843)
Tax payments/returns	29	(51,535,387)	2,615,449
Changes in the Company Capital		(77,093,735)	(150,145,660)
Adjustments for Increase/Decrease in Financial Assets	5	(79,999)	3,343,240
Adjustments for Increase/Decrease in Trade Receivables			
- Adjustments for Increase/Decrease in Trade Receivables from Related Parties	6-7	(36,763,179)	(12,472,731)
- Adjustments for Increase/Decrease in Trade Receivables from Third Parties	7	(118,453,108)	(40,830,395)
Adjustments for increase/decrease in other receivables related to the operations			
- Adjustments for increase/decrease in other receivables from related parties related to the operations		31,208,254	2,266,047
- Adjustments for increase/decrease in other receivables from third parties related to the operations	9-14-22	18,735,535	(4,242,757)
Adjustments for Increase/Decrease in Inventories	11	(73,629,149)	(100,225,290)
Adjustments Related to the Increase/Decrease in Biological Assets	12	419,909	3,228,091
Adjustments for Increase/Decrease in Prepaid Expenses	13	2,699,303	(9,998,934)
Adjustments for Increase/Decrease in Trade Payables			
- Adjustments for Increase/Decrease in Trade Payables to Related Parties	6-7	12,072,052	(2,584,109)
- Adjustments for Increase/Decrease in Trade Payables to Third Parties	7	88,228,859	8,507,919
Increase/decrease in employee benefits liabilities	21	(430,942)	5,396,406
Adjustments for Increase/Decrease in Other Liabilities from Operations			
- Adjustments for Increase/Decrease in Other Payables from Related Parties	6-9	314,416	(107,957)
- Adjustments for Increase/Decrease in Other Payables from Third Parties	9	1,687,785	4,531,575
Increase/decrease in deferred tax	13	(3,103,471)	(6,956,765)
Cash Flow from Operating Activities		16,427,028	(52,962,614)
Tax Payments/Returns	29	(3,908,449)	5,740,071

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIODS OF
01 JANUARY – 30 SEPTEMBER 2018 AND 2017
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(110,945,151)	(35,645,860)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Sale of Tangible Assets	17-18	-	16,619
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Purchase of Tangible Assets	17-18	(101,632,781)	(35,197,451)
- Proceeds from Purchase of Intangible Assets	17-18	(2,368,921)	(465,028)
Cash Outflows from Purchase of Investment Property		(6,943,449)	-
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		70,911,800	107,474,594
Cash Inflows due to Issuance of Share and Other Equity Items			
-Cash Inflows due to Share Issuance		2,528,000	-
Cash Inflows from Financial Liabilities			
- Cash Inflows from Bank Loans		613,369,422	749,115,250
Cash Outflows from Financial Liabilities			
- Cash Outflows for Bank Loans		(545,002,149)	(638,069,659)
Cash Outflows from Finance Leases	8	16,527	(3,570,997)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		(27,514,772)	24,606,191
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		(27,514,772)	24,606,191
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	4	37,228,665	16,923,525
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	9,713,893	41,529,716

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT 30 SEPTEMBER 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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

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

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.
- Tan Elektrik Üretim A.Ş.
- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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

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

As of 30 September 2018, 3,760 personnel are employed by the Company and average number of personnel is 3,797 for the period of 01.01-30.09.2018.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 28 May 2018, numbered 352 and valid until 31 May 2019, the Company’s annual production capacity is as follows: (Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	M2	59,151,060
Knitted fabric (is used in its production)	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	7,218,750
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	14,121,000
Digital fabric printing (is used in its production)	Kg	1,573,719

Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 16 February 2017, numbered 74 and valid until 22 February 2019, the Company’s annual production capacity is as follows:

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Smyrna Seracılık Ticaret A.Ş.

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

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 204,272 m².

Capacity Report 1 (Sarayköy)

According to the capacity report from Denizli Industrial Chamber dated 25 May 2017, numbered 281 and valid until 26 May 2019.

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

Capacity Report 2 (Pamukkale)

According to the capacity report from Denizli Industrial Chamber dated 01 December 2017, numbered 647 and valid until 01 December 2019:

Product	Unit	Quantity
Tomato	Ton	264
Pepper	Ton	96

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

As of 30 September 2018, 205 personnel are employed by the Company and the average number of personnel is 211 for the period of 01.01-30.09.2018.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998 in Denizli. It is engaged in producing electricity, hot water and steam. The company's annual electricity production capacity production is 45,976,000 kilowatt.

As of 30 September 2018, 36 personnel are employed by the Company and the average number of personnel is 32 for the period of 01.01-30.09.2018.

Tan Elektrik Üretim A.Ş.

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

As of 30 September 2018, 8 personnel are employed by the Company and the average number of personnel is 7 for the period of 01.01-30.09.2018.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

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

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

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

The Preparation of Financial Statements

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

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

The entities are able to prepare the full interim financial statements in full set or summary in accordance with TAS 34 Interim Financial Reporting Standards. In this framework, the Company has preferred to prepare a full set of financial statements in the interim period.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the consolidated financial statements of the Group have been prepared accordingly.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 9 November 2018. Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

As of 30 September 2018 and 31 December 2017, Group's functional and reporting currency unit is represented in TRY compared to previous periods.

Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Offsetting

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

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Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

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

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

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

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

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

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

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As of 30 September 2018 and 31 December 2017, the capital structure of subsidiaries and participations are as follows:

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

	30.09.2018	31.12.2017
	Ratio %	Ratio %
Public Offered Shares	46.88	47.12
Akça Holding A.Ş.	50.73	50.49
Other	2.39	2.39
	%100	%100

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

	30.09.2018	31.12.2017
	Ratio %	Ratio %
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.51	22.01
Rıza Akça	33.15	36.17
Dilek Göksan	16.58	18.08
Ahmet Bilge Göksan	16.58	18.08
Menderes Tekstil Pazarlama A.Ş.	3.10	3.38
Erbil Akça	2.09	2.27
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	30.09.2018	31.12.2017
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	%100	%100

Tan Elektrik Üretim A.Ş. (Subsidiary)

	30.09.2018	31.12.2017
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	%100	%100

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

	30.09.2018	31.12.2017
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	68.00	68.00
Tan Elektrik Üretim A.Ş.	18.29	18.29
Akça Holding A.Ş.	7.01	7.01
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	4.29	4.29
Selin Tekstil Sanayi Ticaret A.Ş.	2.22	2.22
Akçasaraylı Tekstil Ltd. Şti.	0.19	0.19
	%100	%100

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

	30.09.2018	31.12.2017
	<u>Ratio %</u>	<u>Ratio %</u>
Zeybekçi Holding A.Ş.	50.00	50.00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.00
	%100	%100

2.b. Changes in Accounting Policies

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

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

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

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers from 1 January 2018. Although there are other standards which are effective from 1 January 2018, these standards do not have any significant effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

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Step 5: Recognition of revenue

The Company recognises revenue over-time if any of the following conditions is met:

- The customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Company’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Company recognise revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognises a provision in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Company recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company’s various goods and services are set out below:

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Revenue from Sales of product	The Company gains revenues from its own production of textile products, agricultural products and electrical energy sales.	Under TAS 18, revenue for these contracts or orders was recognized when a reasonable estimate of the returns could be made, provided that all other criteria for revenue recognition were met. If a reasonable estimate could not be
	Revenue is recognized when the significant risk of and reward ownership has been transferred to the counter party.	made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.
	Collections of sales take places in less than 1 year after delivery.	There has been no significant impact in the financial statements resulting from the sale of products due to the application of TFRS 15 accounting policies.

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TFRS 9 Financial Instruments

TFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and Measurement of Financial Assets and Financial Liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of TFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of TFRS 9 on the classification and measurement of financial assets is set out below.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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Changes regarding to the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

	Classification in accordance with TAS 39	New classification in accordance with TFRS 9
Financial assets		
– Cash and cash equivalents	Loans and receivables	Amortised cost
– Financial asset	Held-to-maturity	Amortised cost
– Financial asset	Available for sale	Fair value through other comprehensive income
– Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
– Trade receivables	Loans and receivables	Amortised cost
– Other receivables	Loans and receivables	Amortised cost
Financial liabilities		
– Borrowings	Amortised cost	Amortised cost
– Trade payables	Amortised cost	Amortised cost
– Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
– Other payables	Amortised cost	Amortised cost

ii. Impairment of financial assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognised earlier than under TAS 39.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group has made amendments to the TFRS 9 methodology for allocating impairment of financial assets in accordance with the newly anticipated credit loss model.

The Group allocates impairment provision for the following financial assets according to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Financial investments

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables.

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2.c. Changes in Accounting Estimates and Errors

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

2.d. Comparative Information and Previous Periods Adjustments

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

The Group has presented the financial statements dated 30 September 2018 with financial statements dated 31 December 2017, the profit or loss and other comprehensive income statement, cash flow statement and the statement of changes in equity for the period of 01 January - 30 September 2018 with 01 January - 30 September 2017 comparatively.

2.e. New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 30 September, 2018 are consistent with those of the 01 January 2018, except for the adoption of new and amended TFRS and IFRIC interpretations effective as previous year. 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, 2018 are as follows:

TFRS 15 - Revenue from Contracts with Customers

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

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TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.

TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as Fair Value Through Profit & Loss without applying the other requirements in the standard.

TFRS 4 Insurance Contracts (Amendments);

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. New modified Standard:

- a) Before issuing a new insurance contract standard to all companies issuing insurance contracts, the entity shall be entitled to recognize the fluctuation that may arise from the application of TFRS 9 Financial Instruments in other comprehensive income from profit or loss, and
- b) Companies whose activities are predominantly linked to insurance will be subject to temporary application exemption until 2021, as required by the TFRS 9 Financial Instruments standard. Entities that postpone application of TFRS 9 Financial Instruments will continue to apply the existing TMS 39 'Financial Instruments' standard.

These changes do not have any significant impact on the Group's financial position and performance.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

These changes do not have any impact on the Group's financial position and performance.

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

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

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

These changes do not have any significant impact on the Group's financial position and performance.

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

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

These changes do not have any significant impact on the Group's financial position and performance.

Annual Improvements to TFRSs - 2014-2016 Cycle

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

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

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

These changes do not have any significant impact on the Group's financial position and performance.

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a) As of 30 September 2018 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 interim 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 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases onbalance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

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

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Group does not expect any significant impact on its financial position and performance.

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

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

The Group does not expect any significant impact on its financial position and performance.

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IFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

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

b) As of 30 September 2018 The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRS 17 - The new Standard for Insurance Contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in future cash flow projections and risk adjustments are accounted for during the term of services rendered. An entity may choose to account for the effects of changes in discount rates in profit or loss or other comprehensive income. Standard includes specific guidance for measurement and presentation of insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

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

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Prepayment Features with Negative Compensation (Amendments to IFRS 9)

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

An entity that applies IFRS 9 measures an entity's early-retirement financial assets, changes in fair value through profit or loss. If certain conditions are met by the implementation of the amendments, entities will be able to measure the amortized cost of the negatively recovered financial assets at fair value.

The amendment will be effective for annual periods beginning on or after 1 January 2019. Early application is allowed.

Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

IASB, has published the IAS 19 changes “Changes on Planning, Reduction or Execution” to make compatible accounting

UMSK declared the IAS 19 Changes "Changes in Plan, Decreasing or Execution" in order to make accounting principles compatible and providing more information in decision process on February 2018. Implementation and providing more information regarding to this subject. Changes are required to calculate service cost and net interest cost by using actuarial estimations based on annual residual amount after making changes on planning, reduction or execution. Changes will apply for 1 January 2019 and following fiscal periods. It is allowed to early adoption. The Group will make a statement about early adoption, if it is adopted.

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

Annual Improvements – 2015–2017 Cycle

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

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

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

2.f. Summary of Significant Accounting Policy

Revenue Recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group's collection right of the consideration for the goods or services,
- b) customer's ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer's ownership of significant risks and rewards related to the goods or services,
- e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

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Inventories

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

Biological Assets

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

Tangible Assets

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

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

Economic useful lives of assets approximately are as follows:

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

Intangible Assets

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

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

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Investment Properties

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

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

Impairment of Assets

The carrying amounts of the Group’s assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Financial Leases

a) The Group as the leasee

Financial leasing

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leased is capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

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b) The Group as the lessor

Operating leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Borrowing costs

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 statement of income over the period of the borrowings.

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

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.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

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Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

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Impairment

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method,. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “Other Operating Income/Expenses” in the consolidated statement of income or loss (Note 10 and Note 31).

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Company. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

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Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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The Effects of Exchange Rates

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

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

	30.09.2018	31.12.2017
USD	5.9902	3.7719
EURO	6.9505	4.5155
GBP	7.8079	5.0803
CHF	6.1211	3.8548

Effects of Change in Currency Rate

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

Earnings per Share / (Loss)

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

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

Investments Subject to Equity Pick-up Method

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

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Employee Benefits / Severance Pay

• **Social Insurance Premium**

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 30 September 2018, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 5,434 (31 December 2017: TRY 4,732) per year of employment at the rate of pay applicable at the date of retirement.

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

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

	30.09.2018	31.12.2017
Interest rate	%18,92	%14,42
Inflation rate	%13,40	%7.90
Discount rate	%4,87	%6,04

Employee Benefits / Severance Pay

• **Social Insurance Premium**

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

Taxes

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

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Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

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

Derivative Financial Instruments and Instruments to Protect from Risk

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

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

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

Statement of Cash Flow

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent Events

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

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Related Parties

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

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

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

Details of related parties are as follows:

Akça Holding A.Ş. "Akça Holding"

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

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

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

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. "Akçasaraylı Tekstil"

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

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

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. "Aksan Sigorta"

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

Related parties that do not have any significant activity with the Group are as follows:

Akçamen Tekstil Sanayi ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş.

Menderes Tekstil Pazarlama A.Ş.

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.

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2.g. Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account.

As of 30 September 2018, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 29,621,439 which can be foreseen on temporary differences arising from tax deductions and can be utilized in the period in which the tax deduction period can be utilized.

Provision for severance pay

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

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

Deferred financing income / expense:

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

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Useful lives:

Tangible and intangible assets are amortised and depreciated on useful lives.

Provisions for litigation:

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

Distinction of tangible assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties. Registered values of the relevant facilities which recognised together with gas stations on the statutory records of the

Group have been classified based on the net cash flow which they will create in the future.

The used assumptions are indicated in the related accounting policies or footnotes.

2.h. Segment Reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; textile (Menderes Tekstil), agriculture sector (Menderes Tekstil and Smyrna) and energy sector (Akça Enerji and Tan Elektrik) . These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 3).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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2.i. Accounting of Business Mergers under Common Control

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

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

This decision will enter into force on the date of publication to be valid on annual reporting periods after 31 December 2012. Companies that have different applications of accounting principles should consider the stated accounting principles as change in accounting policy, and make necessary corrections from the first annual financial statements and companies who are obliged to make interim period reporting must give information about the topic in the footnotes.

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

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

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NOTE 3 – SEGMENT REPORTING

30 September 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
ASSETS					
Cash and Cash Equivalents	6,415,319	24,184	3,321,390	-	9,760,893
Trade Receivables	79,999	-	-	-	79,999
Other Receivables	166,027,980	51,728,047	6,519,171	-	224,275,198
Derivative Financial Instruments	145,364,817	38,227	6,560,720	(140,604,005)	11,359,759
Inventories	682,213	-	-	-	682,213
Biological Assets	304,490,665	71,839,447	402,961	-	376,733,073
Prepaid Expenses	-	3,789,538	-	-	3,789,538
Current Tax Assets	5,935,227	182,643	733,658	-	6,851,528
Other Current Assets	50,932	441,287	1,455	-	493,674
Cash and Cash Equivalents	46,548,907	5,048,027	13,549,881	-	65,146,815
Current Assets	675,596,059	133,091,400	31,089,236	(140,604,005)	699,172,690
Financial Investments	82,180,000	1,142,000	22,450,010	(96,122,010)	9,650,000
Other Receivables	55,838	15,682	39,393	-	110,913
Investments Valued by Equity Pick-up Method	182,843,973	-	-	-	182,843,973
Investment Properties	64,943,449	-	-	-	64,943,449
Tangible Assets	142,281,519	19,267,174	257,604,989	-	419,153,682
Intangible Assets	5,192,231	4,560	7,605	-	5,204,396
Prepaid Expenses	1,625,675	114,143	114,346	-	1,854,164
Deferred Tax Assets	44,160,002	543,996	27,594,721	(3,272,608)	69,026,111
Non-Current Assets	523,282,687	21,087,555	307,811,064	(99,394,618)	752,786,688
TOTAL ASSETS	1,198,878,746	154,178,955	338,900,300	(239,998,623)	1,451,959,378
LIABILITIES					
Financial Borrowings	374,084,791	3,517,867	-	-	377,602,658
Current Installments of Long Term Financial Borrowings	125,459,739	-	30,144,550	-	155,604,289
Trade Payables	196,505,556	3,834,275	8,875,191	-	209,215,022
Employee Benefits Liabilities	13,510,161	606,678	295,455	-	14,412,294
Other Payables	8,985,332	122,439,189	14,417,175	(140,604,005)	5,237,691
Derivative Financial Instruments	2,751,400	-	-	-	2,751,400
Deferred Income	1,092,532	3,909	2,484,971	-	3,581,412
Period Income Tax Liability	-	328,416	-	-	328,416
Current Provisions	4,422,106	128,414	192,215	-	4,742,735
Current Liabilities	726,811,617	130,858,748	56,409,557	(140,604,005)	773,475,917
Long Term Borrowings	140,612,658	-	334,616,328	-	475,228,986
Provisions For Long Term Employee Benefits	40,548,467	891,235	161,070	-	41,600,772
Deferred Tax Liabilities	2,496,952	658,417	2,665,139	(3,272,608)	2,547,900
Non-Current Liabilities	183,658,077	1,549,652	337,442,537	(3,272,608)	519,377,658
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Business Mergers Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
Actuarial Benefit / Loss of the Retirement Plans	(222,419)	(96,575)	(30,253)	27,499	(321,748)
Restricted Reserves	10,147,245	62,532	127,759	(127,759)	10,209,777
Retained Earnings / Losses	123,209,623	(345,835)	(74,960,606)	47,993,816	95,896,998
Net Profit / Loss for the Period	(95,210,530)	10,150,433	(88,088,694)	20,016,746	(153,132,045)
Minority Interest	-	-	-	(18,464,877)	(18,464,877)
SHAREHOLDERS' EQUITY	288,409,052	21,770,555	(54,951,794)	(96,122,010)	159,105,803
TOTAL LIABILITIES AND EQUITY	1,198,878,746	154,178,955	338,900,300	(239,998,623)	1,451,959,378

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30 September 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
Revenue	652,856,387	127,856,560	24,833,635	(267,168)	805,279,414
Cost of Sales (-)	(553,443,719)	(115,784,090)	(17,916,981)	267,168	(686,877,622)
GROSS PROFIT/LOSS	99,412,668	12,072,470	6,916,654	-	118,401,792
General Administrative Expenses (-)	(15,445,470)	(723,832)	(1,531,748)	45,225	(17,655,825)
Marketing Expenses (-)	(19,328,809)	(1,219,257)	(99,183)	-	(20,647,249)
Research and Development Expenses (-)	(3,065,374)	-	-	-	(3,065,374)
Other Operating Income	60,791,988	2,226,082	1,581,878	(45,225)	64,554,723
Other Operating Expenses (-)	(25,066,174)	(493,549)	(939,992)	-	(26,499,715)
OPERATING PROFIT/LOSS	97,298,829	11,861,914	5,927,609	-	115,088,352
Income from Investing Activities	95,050	-	40,000	-	135,050
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	22,996,499	-	-	-	22,996,499
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	120,390,378	11,861,914	5,967,608	-	138,219,901
Financial Income (+)	14,905,985	-	38,304	(2,303,516)	12,640,773
Financial Expenses (-)	(260,949,256)	(1,398,907)	(114,865,817)	2,303,516	(374,910,464)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(125,652,893)	10,463,007	(108,859,905)	-	(224,049,790)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(328,416)	-	-	(328,416)
- Deferred Tax Income/Expense	30,442,363	15,842	20,771,210	-	51,229,415
PROFIT/(LOSS) FOR THE PERIOD	(95,210,530)	10,150,433	(88,088,695)	-	(173,148,791)

30 September 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
Assets by Segments					
Investment Property	64,943,449	-	-	-	64,943,449
Total Tangible Assets (Net Book Value)	142,281,519	19,267,174	257,604,989	-	419,153,682
Total Intangible Assets (Net Book Value)	5,192,231	4,560	7,605	-	5,204,396
Purchases of Tangible and Intangible Assets	20,117,170	670,117	83,214,415	-	104,001,702
Purchases of Investment Property	6,943,449	-	-	-	6,943,449
Depreciation Expenses	12,289,506	1,724,202	6,411,640	-	20,425,348
Total Assets	105,689,854	2,657,113	3,227,585	-	111,574,552
Total Liabilities	741,047,408	562,434	367,815,702	-	1,109,425,544
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	24,776,137	-	-	-	24,776,137
Net Foreign Currency Asset/ Liabilities	(610,581,417)	2,094,679	(364,588,117)	-	(973,074,855)
Financial Payables	640,157,188	3,517,867	364,760,878	-	1,008,435,933
- USD	147,172,694	-	118,979,431	-	266,152,125
- EURO	492,884,411	-	245,781,447	-	738,665,858
- TRY	100,083	3,517,867	-	-	3,617,950
Export	548,667,980	24,742,183	-	-	573,410,163
Import	227,984,657	942,986	29,257,957	-	258,185,600
Total Debt	910,469,694	132,408,400	393,852,094	(143,876,613)	1,292,853,575
Cash Equivalents	(6,415,319)	(24,184)	(3,321,390)	-	(9,760,893)
Net Debt	904,054,375	132,384,216	390,530,704	(143,876,613)	1,283,092,682
Total Equity	288,409,052	21,770,555	(54,951,794)	(96,122,010)	159,105,803
Total Capital	1,192,463,427	154,154,771	335,578,910	(239,998,623)	1,442,198,485
Net Debt/Total Capital Ratio	76%	86%	116%	-	89%

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Information On The Geographical Region

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

Region	01.01-30.09.2018	01.01-30.09.2017
Germany	45%	35%
U.S.A	27%	32%
Italy	9%	9%
Netherlands	4%	6%
France	2%	4%
England	2%	2%
China	2%	3%
Poland	2%	3%
Other	7%	6%
	100%	100%

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and company in terms of dissolving risks. As of 30 September 2018, the share of the largest buyers in the revenue from textile sector operations is % 43.67 and agriculture sector operations is % 79.88. (30 September 2017: the largest one, textile sector, % 41.45; agriculture sector, none.) (Note 32).

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 30 September 2018 and 31 December 2017, the details of cash and cash equivalents are as follows:

	30.09.2018	31.12.2017
Cash	84,371	16,399
Banks	9,676,522	36,140,149
<i>Demand deposits</i>	9,626,522	9,090,149
<i>Time deposits</i>	50,000	27,050,000
Interest accruals for banks	-	1,072,117
	9,760,893	37,228,665

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As of 30 September 2018 and 31 December 2017, maturity schedule of time deposits in the cash and cash equivalents are as follows:

	30.09.2018	31.12.2017
Within 1 month	50,000	27,050,000
	50,000	27,050,000

As of 30 September 2018, effective interest rates of time deposits in TRY is %10. (31.12.2017: for TRY %14.42).

As of 30 September 2018, average maturity date of time deposits is 27 days. (31 December 2017: 3 days).

As of 30 September 2018, there is no deposit pledge on the Group's bank deposits. (31.12.2017: None.)

NOTE 5 – FINANCIAL INVESTMENTS

Short term financial investments

	30.09.2018	31.12.2017
Investment fund	79,999	-
	79,999	-

Long term financial investments

	30.09.2018	31.12.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	9,650,000	9,650,000
	9,650,000	9,650,000

As of 30 September 2018, the long term financial investments consist of Akça Enerji Üretim Otoprodüktör Grubu A.Ş.'s participation rate of 8.04% to Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş. which is belong to subsidiary of the Group.

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	30.09.2018	31.12.2017
Menderes Tekstil Pazarlama A.Ş.	-	14,054,101
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,646,916	1,710,839
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	52,870,992	-
Akçamen Tekstil A.Ş.	-	3,705
Aktur Araç Muayene İstasyonları İşl. A.Ş.	2,800	-
Unearned interests	(2,087,646)	(98,762)
	52,433,062	15,669,883

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

	30.09.2018	31.12.2017
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	-	43,733
Akça Solar Üretim Sanayi Ticaret A.Ş.	-	12,676
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	938
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	12,179,700	-
Aktur Araç Muayene İstasyonları İşl. A.Ş.	70,800	-
Unearned interests	(121,543)	(442)
	12,128,957	56,905

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

	30.09.2018	31.12.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	33,844,833
Akça Holding A.Ş.	2,641,597	-
Ahmet Bilge Göksan	-	5,018
	2,641,597	33,849,851

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

	30.09.2018	31.12.2017
Rıza Akça	791,929	802,333
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	324,820	-
	1,116,749	802,333

e) Advances given to related parties:

	30.09.2018	31.12.2017
Rıza Akça	-	39,735
	-	39,735

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

a) Sales to related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Menderes Tekstil Pazarlama A.Ş.	-	58,695,750	-	20,248,686
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	3,797,274	2,484,117	1,929,370	744,735
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	102,519,076	296,824	63,470,910	222,937
Aktur Araç Muayene İstasyonları İşl. A.Ş.	24,628	19,000	-	-
	106,340,978	61,495,691	65,400,280	21,216,358

b) Purchases from related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	30,423,251	-	8,771,000
Akça Holding A.Ş.	58,770	46,570	20,017	21,866
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	4,455	553	995	110
Aktur Araç Muayene İstasyonları İşl. A.Ş.	2,875	2,101	783	168
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	20,818,174	-	14,666,553	-
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	6,356	-	6,108	-
	20,890,630	30,472,475	14,694,456	8,793,144

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c) Fixed asset purchases from related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	38,290	-	-
	-	38,290	-	-

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

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

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Benefits provided to senior management	532,722	483,920	186,797	168,457
	532,722	483,920	186,797	168,457

b) Service expenses paid to related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Akça Holding A.Ş.	524,052	447,066	188,002	151,219
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	360,361	330,058	110,540	224,612
Menderes Tekstil Pazarlama A.Ş.	251,826	-	37,483	-
	1,136,239	777,124	336,025	375,831

c) Rent income from related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Akça Holding A.Ş.	78,300	68,850	26,100	22,950
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	78,750	69,300	26,250	23,100
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	73,350	68,850	24,450	22,950
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	21,600	-	5,400
Menderes Tekstil Pazarlama A.Ş.	10,935	9,630	3,645	3,210
Akçamen Tekstil Sanayi Ticaret A.Ş.	4,500	7,740	1,500	2,580
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	4,500	6,300	1,500	2,100
	250,335	252,270	83,445	82,290

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d) Rent expenses paid to related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Menderes Tekstil Pazarlama A.Ş.	13,983	297,000	-	99,000
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	27,198	27,198	9,066	9,066
	41,181	324,198	9,066	108,066

e) Service income from related parties:

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	165,891	-	-	-
Menderes Tekstil Pazarlama A.Ş.	-	58,050	-	19,350
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	148,069	-	66,547	-
	313,960	58,050	66,547	19,350

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

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	89,498	149,488	-	124,979
	89,498	149,488	-	124,979

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

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	1,134,904	6,933,439	-	2,489,558
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	3,664	-	-
Akça Holding A.Ş.	117,574	-	116,893	-
	1,252,478	6,937,103	116,893	2,489,558

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

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	44,276	-	-	-
	44,276	-	-	-

i) Interest exchange paid to related parties (Note 28.2):

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	199,388	-	123,861	-
Akça Holding A.Ş.	8,632	-	8,632	-
	208,020	-	132,493	-

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	30.09.2018	31.12.2017
Trade receivables	166,813,002	57,074,258
Cheques and notes	1,152,115	1,775,980
Unearned interest on trade receivables	(1,479,411)	(234,615)
Doubtful trade receivables	112,095	54,600
Provision for doubtful receivables (-)	(112,095)	(54,600)
Income accruals	5,356,430	2,249,365
Trade Receivables From Third Parties	171,842,136	60,864,988
Trade receivables from related parties (Note 6-i-a)	54,372,639	15,768,645
Income accruals from related parties (Note 6-i-a)	148,069	-
Unearned interests on related party receivables (Note 6-i-a)	(2,087,646)	(98,762)
Trade Receivables From Related Parties	52,433,062	15,669,883
Total Short-Term Trade Receivables	224,275,198	76,534,871

As of 30 September 2018, the average maturity of trade receivables are 50 days (31 December 2017: 27 days).

Maturity schedule of notes receivables as of 30 September 2018 and 31 December 2017 are as follows:

	30.09.2018	31.12.2017
1-30 days	132,190	369,641
31-60 days	58,577	130,023
61-90 days	144,293	783,952
91-120 days	31,894	357,864
121-150 days	514,668	134,500
181-210 days	270,493	-
	1,152,115	1,775,980

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As of 30 September 2018 and 31 December 2017, provision for doubtful receivables movement schedule is as follows:

	30.09.2018	31.12.2017
Opening balance	54,600	25,376
Offsetting of balances that can not be collected (*)	(12,156)	-
Provision for the period	69,651	29,224
Closing Balance	112,095	54,600

(*)The balances likely will not to be collected in the future and the reversed provisions are of settes with reciprocatively.

Short Term Trade Payables

	30.09.2018	31.12.2017
Trade payables	163,587,781	78,888,027
Unearned interests on trade payables	(6,224,544)	(711,526)
Notes payables	36,063,695	32,079,030
Unearned interests on payables	(800,634)	(262,490)
Expense accruals	4,459,767	3,401,542
Trade Payables To Third Parties	197,086,065	113,394,583
Payables to related parties (Note 6-i-b)	12,250,500	57,347
Unearned interests on notes payables to related parties (Note 6-i-b)	(121,543)	(442)
Trade Payables to Related Parties	12,128,957	56,905
Total Short Term Trade Payables	209,215,022	113,451,488

As of 30 September 2018, the average maturity of trade payables are 63 days (31 December 2017: 55 days).

As of 30 September 2018, the surcty bonds amounting to USD 13,032,582 (78,067,778 TRY) were given for trade payables of the Group by bank. (31.12.2017: 3,299,451 USD (12,445,201 TRY) and 542,358 TRY)) (Note 19).

As of 30 September 2018 and 31 December 2017, maturity breakdown of notes payables are as follows:

	30.09.2018	31.12.2017
Overdue	121,891	-
1 – 30 days	21,456,015	17,767,877
31 – 60 days	8,689,557	13,089,558
61 – 90 days	5,261,542	966,595
91 – 120 days	534,690	110,000
121 – 150 days	-	145,000
	36,063,695	32,079,030

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NOTE 8 – FINANCIAL BORROWINGS

	30.09.2018	31.12.2017
Short Term Borrowings:		
TRY borrowings	3,400,000	3,400,000
USD borrowings	110,966,117	75,629,693
EUR borrowings	262,431,910	131,617,236
Credit card liabilities	100,083	34,623
Accrued Interest of Short Term Borrowings:		
TRY accrued interest of borrowings	117,867	103,889
USD accrued interest of borrowings	366,283	37,881
EUR accrued interest of borrowings	220,398	393
Short Term Financial Borrowings	377,602,658	210,823,715
Lease Payables:		
EUR lease payables, net	1,549,872	3,088,487
Borrowings		
USD borrowings	16,708,166	19,271,820
EUR borrowings	125,702,406	82,729,923
Accrued Interests of Long Term Borrowings		
USD accrued interest of borrowings	5,253,726	1,358,304
EUR accrued interest of borrowings	6,390,119	2,710,210
Current Installments of Long-Term Borrowings	155,604,289	109,158,744
Long Term Lease Payables:		
EUR lease payables, net	1,697,748	142,606
Long Term Borrowings:		
USD borrowings	132,857,833	72,293,457
EUR borrowings	340,673,405	242,307,469
Long Term Financial Borrowings	475,228,986	314,743,532
Total Financial Liabilities	1,008,435,933	634,725,991

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As of 30 September 2018 and 31 December 2017, maturity analysis of borrowings and other financial borrowings are as follows:

	30.09.2018	31.12.2017
Within 3 months	238,670,059	70,029,932
Between 3 - 12 months	280,638,623	242,653,363
Between 1 - 5 years	297,908,274	219,308,025
More than 5 years	175,622,964	95,292,901
	992,839,920	627,284,221

As of 30 September 2018 and 31 December 2017, maturity schedule of long term bank borrowings are as follows:

	30.09.2018	31.12.2017
Between 1-2 years	108,846,948	77,780,327
Between 2-3 years	82,579,322	65,875,654
Between 3-4 years	65,783,710	43,360,747
Between 4-5 years	40,750,240	32,932,446
Between 5-6 years	43,109,865	20,481,876
Between 6-7 years	34,223,145	18,777,534
Between 7-8 years	34,061,648	16,233,843
Between 8-9 years	34,061,647	16,128,924
Between 9-10 years	19,540,595	12,058,651
Between 10-11 years	4,229,645	5,475,217
Between 11-12 years	4,229,645	2,747,853
Between 12-13 years	2,114,828	2,747,854
	473,531,238	314,600,926

As of 30 September 2018, effective interest rates for USD and EUR bank loans are %6.25 and %3.42 (31.12.2017: USD %2.70 and EUR %2.34).

The Group has guarantee by its shareholders and related companies in lending.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 130,950,000 (784,416,690TRY), 21,000,000 EUR (145,960,500 TRY) and 73,910,000 TRY.

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As of 30 September 2018 and 31 December 2017, the details of financial leasing borrowings of Group are as follows:

	30.09.2018	31.12.2017
Short term lease payables	1,671,443	3,141,855
Cost of deferred lease payables (-)	(121,571)	(53,368)
	1,549,872	3,088,487

	30.09.2018	31.12.2017
Long term lease payables	1,784,894	144,074
Cost of deferred lease payables (-)	(87,146)	(1,468)
	1,697,748	142,606

As of 30 September 2018, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	1,671,443	(121,571)	1,549,872
Between 1 – 2 years	973,568	(67,854)	905,714
Between 2 – 3 years	811,326	(19,292)	792,034
	3,456,337	(208,717)	3,247,620

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

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

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30.09.2018	31.12.2017
Deposit and guarantees given	308,510	56,591
VAT return receivables	8,033,178	2,267,619
Other receivables (*)	376,474	34,991,014
Other Receivables from Third Parties	8,718,162	37,315,224
Receivables from shareholders (Note 6-i-c)	2,641,597	33,849,851
Other Receivables From Related Parties	2,641,597	33,849,851
Total Other Current Receivables	11,359,759	71,165,075

(*) At 31 December 2017, other receivables amounting to TRY 33,844,834 (which consist of (EUR 2,278,711, USD 5,911,232 and GBP 440,466)), included in various other receivables are due from Osman Akça Tarım Ürün. İth. İhr. San ve Tic. A.Ş. ("Osman Akça"), which was collected in return for non-trade receivables, Osman Akca's agricultural exports in 2018.

Other Non-Current Receivables

	30.09.2018	31.12.2017
Deposits and guarantees given	110,913	132,990
	110,913	132,990

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Other Current Payables

	30.09.2018	31.12.2017
Deposit and guarantees received	399,650	56,576
Taxes and funds payable	2,930,877	2,328,568
Liabilities from tax base increase regarding to Law 7143	764,893	-
Other various debts	25,522	1,013
Other Payables to Third Parties	4,120,942	2,386,157
Payables to shareholders (Note 6-i-d)	1,116,749	802,333
Other Payables to Related Parties	1,116,749	802,333
Total Other Current Payables	5,237,691	3,188,490

NOTE 10 – DERIVATIVE INSTRUMENTS

	30.09.2018	31.12.2017
Income accrual of forward exchange	682,213	74,004
	682,213	74,004
	30.09.2018	31.12.2017
Expense accrual of forward exchange	2,751,400	770,333
	2,751,400	770,333

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NOTE 11 – INVENTORIES

	30.09.2018	31.12.2017
Raw materials	154,180,713	131,380,411
Semi-finished products	120,950,270	130,845,618
Finished goods	30,061,662	11,866,835
Trade goods	199,436	794,336
Other inventories	-	251,259
Goods in transit(*)	2,070,931	-
Agricultural products (Figs, Apricot and Grape)	69,270,061	27,965,465
	376,733,073	303,103,924

(*) Goods in transit consists of goods are in exporting process and still in transfer process by Group.

All inventories of the Group are covered by insurance coverage.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	30.09.2018	31.12.2017
Biological assets (Tomato)	3,789,538	4,209,447
	3,789,538	4,209,447

Group's biological assets consist of tomatoes. Tomatoes in growing process have been shown in the consolidated financial statements with their cost and after impairment provisions (if any) since they do not have any active markets.

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NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	30.09.2018	31.12.2017
Order advances given	5,736,884	1,338,845
Prepaid expenses	1,072,610	1,222,554
Advances given for business purposes	42,034	220,283
	6,851,528	2,781,682

Long Term Prepaid Expenses

	30.09.2018	31.12.2017
Advances given for purchases of tangible assets	1,698,361	8,460,890
Prepaid expenses	155,803	162,423
	1,854,164	8,623,313

Short Term Deferred Income

	30.09.2018	31.12.2017
Advances received	3,270,678	6,166,425
Deferred income	310,734	310,734
	3,581,412	6,477,159

Long Term Deferred Income

	30.09.2018	31.12.2017
Deferred income	-	207,724
	-	207,724

NOTE 14 – ASSETS RELATED TO CURRENT PERIOD TAX

	30.09.2018	31.12.2017
Prepaid taxes and funds	493,674	5,854,147
	493,674	5,854,147

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NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 30 September 2018 and 31 December 2017, the companies accounted by equity pick up method are as follows:

	30.09.2018	Share (%)	31.12.2017	Share (%)
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	182,843,973	48%	159,847,474	48%
	182,843,973		159,847,474	

The total assets, liabilities and owner's equity of the investments which are evaluated by the equity pick up method with their summary of income statement related to the periods ended 30 September 2018 and 31 December 2017 are as follows:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	30.09.2018	31.12.2017
Current assets	107,340,850	94,411,728
Non-current assets	333,263,424	321,266,819
Total Assets	440,604,274	415,678,547
Current liabilities	40,429,144	62,886,446
Non-current liabilities	19,250,186	19,776,531
Shareholders' equity	380,924,944	333,015,570
Total Equities	440,604,274	415,678,547
Sales, net	243,821,300	289,310,451
Cost of sales	(228,203,160)	(254,346,474)
Net profit / (loss)	53,401,003	40,939,559

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NOTE 16 – INVESTMENT PROPERTIES

Cost Value	Arsalar	Binalar	Diğer	Toplam
01 January 2017 opening balance	-	-	-	-
Additions	58,000,000	-	-	58,000,000
31 December 2017 closing balance	58,000,000	-	-	58,000,000
Additions	6,943,449	-	-	6,943,449
30 September 2018 closing balance	64,943,449	-	-	64,943,449
31.12.2017, Net Book Value	58,000,000	-	-	58,000,000
30.09.2018, Net Book Value	64,943,449	-	-	64,943,449

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NOTE 17 – TANGIBLE ASSETS

Cost Value	Land	Land Improvement s	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2017 opening balance	4,765,171	73,222,407	69,756,696	326,320,308	2,339,958	13,436,770	7,873,243	-	497,714,553
Additions	-	-	10,450,000	21,926,139	779,063	1,364,934	57,192,412	-	91,712,548
Disposals	-	-	-	(74,210)	(128,641)	(9,987)	(7,273)	-	(220,111)
Transfers	-	-	-	6,152,256	-	9,321	(6,161,577)	-	-
31 December 2017 closing balance	4,765,171	73,222,407	80,206,696	354,324,493	2,990,380	14,801,038	58,896,805	-	589,206,990
Additions	-	-	6,493	30,114,794	435,967	996,863	71,665,866	9,175	103,229,158
Disposals	-	-	-	-	(166,000)	-	-	-	(166,000)
Transfers	-	9,451,557	10,098,991	102,400,113	-	-	(123,547,038)	-	(1,596,377)
30 September 2018 closing balance	4,765,171	82,673,964	90,312,180	486,839,400	3,260,347	15,797,901	7,015,633	9,175	690,673,771
Accumulated Depreciation									
01 January 2017 opening balance	-	13,778,478	17,815,110	188,117,846	1,092,837	5,300,001	-	-	226,104,272
Additions	-	4,357,557	1,564,911	17,702,329	471,234	1,783,603	-	-	25,879,634
Disposals	-	-	-	(71,276)	(128,641)	(1,406)	-	-	(201,323)
Transfers	-	2,150,780	-	(2,150,780)	-	-	-	-	-
31 January 2017 closing balance	-	20,286,815	19,380,021	203,598,119	1,435,430	7,082,198	-	-	251,782,583
Additions	-	3,348,738	1,307,577	13,493,561	386,282	1,366,889	-	459	19,903,506
Disposals	-	-	-	-	(166,000)	-	-	-	(166,000)
30 September 2018 closing balance	-	23,635,553	20,687,598	217,091,680	1,655,712	8,449,087	-	459	271,520,089
31.12.2017, Net Book Value	4,765,171	52,935,592	60,826,675	150,726,374	1,554,950	7,718,840	58,896,805	-	337,424,407
30.09.2018, Net Book Value	4,765,171	59,038,411	69,624,582	269,747,720	1,604,635	7,348,814	7,015,633	8,716	419,153,682

As of 30 September 2018, the depreciation expense of tangible assets for the period is TRY 19,903,506 (31 December 2017: TRY 25,879,634).

As of 30 September 2018, fixed assets are insured by TRY 8,239,755, EUR 22,789,500 (TRY 158,398,420), USD 125,501,588 (TRY 751,776,617). (31 December 2017: TRY 7,991,164, EUR 30,652,740 (TRY 138,412,447), USD 125,500,588 (TRY 473,375,668).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 130,950,000 (TRY 784,416,690), EUR 21,000,000 (TRY 145,960,500) and TRY 73,910,000.

As of 30 September 2018, net book value of leasing machines is TRY 7,115,618 (31.12.2017: 11,981,006 TRY).

Borrowing cost in the period of 1 January – 30 September 2018 is added to construction in progress which is amounting to TRY 14,371,605 (2017: TRY 1,851,025) regarding to the borrowing of Akça Enerji Üretim Otoprodüktör Grubu A.Ş.'s power plant.

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NOTE 18 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2017 opening balance	498,963	-	395,624	894,587
Additions	2,559	2,910,544	489,633	3,402,736
31 December 2017 closing balance	501,522	2,910,544	885,257	4,297,323
Additions	-	772,544	-	772,544
Transfer	-	1,596,377	-	1,596,377
30 September 2018 closing balance	501,522	5,279,465	885,257	6,666,244
Accumulated Depreciation				
01 January 2017 opening balance	472,206	-	264,363	736,569
Additions	13,074	24,255	166,108	203,437
31 December 2017 closing balance	485,280	24,255	430,471	940,006
Additions	8,651	356,477	156,714	521,842
30 September 2018 closing balance	493,931	380,732	587,185	1,461,848
31.12.2017, Net Book Value	16,242	2,886,289	454,786	3,357,317
30.09.2018, Net Book Value	7,591	4,898,733	298,072	5,204,396

As of 30 September 2018, the amortization expense of intangible assets for the period is TRY 521,842 (31 December 2017: TRY 203,437).

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NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 September 2018 and 31 December 2017, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

Guarantees, security and mortgage “(GSM)” given by the Group	30.09.2018	31.12.2017
A. Total Amount of GSM given on behalf of legal entity	1,450,827,827	933,289,665
B. Total Amount of GSM given for partnerships which included in full consolidation	59,292,491	38,520,286
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. Total Amount of GSM given for the Parent Company	None	None
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	None	None
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	1,510,120,318	971,809,951

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 114,250,000 (TRY 684,380,350), EUR 7,500,000 (TRY 52,128,750) and TRY 122,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2017: USD 112,250,000 (TRY 423,395,775), EUR 7,500,000 (TRY 33,866,250) and TRY 122,500,000).

As of 30 September 2018, the details of the guarantee given for the subsidiary Tan Elektrik’s financial borrowings to investment are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Commerzbank AG	EUR	8,530,680	6.9505	59,292,491
AKA European Export&Trade Bank	EUR	8,530,680	6.9505	59,292,491
				118,584,982

As of 30 September 2018, details of mortgage on lands and buildings are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	72,310,000	1.0000	72,310,000
Türkiye Vakıflar Bankası T.A.O	USD	130,950,000	5.9902	784,416,690
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	21,000,000	6.9505	145,960,500
				1,004,287,190

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As of 30 September 2018, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	7,047,125	1.0000	7,047,125
Energy Market Regulatory Authority	TRY	2,025,902	1.0000	2,025,903
Customs Administration	TRY	10,760,800	1.0000	10,760,800
Credit Guarantee	USD	4,505,500	5.9902	26,988,846
Credit Guarantee	EUR	9,049,400	6.9505	62,897,855
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,090,899	1.0000	1,090,899
				111,437,097

As of 30 September 2018, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	21,437,396	1.0000	21,437,396
Türkiye Vakıflar Bankası T.A.O.	EUR	600,000	6.9505	4,170,300
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	TRY	55,000	1.0000	55,000
Denizbank A.Ş.	USD	3,795,500	5.9902	22,735,804
Denizbank A.Ş.	EUR	8,449,400	6.9505	58,727,555
Türkiye Kalkınma Bankası A.Ş.	USD	710,000	5.9902	4,253,042
				111,437,097

As of 30 September 2018, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	13,032,583	5.9902	78,067,781
				78,067,781

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As of 30 September 2018, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX		FX Rate	TRY Equivalent
	Currency	FX Amount		
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş.	USD	9,000,000	5.9902	53,911,800
Eximbank A.Ş.	USD	25,000,000	5.9902	149,755,000
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	5.9902	56,906,900
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	5.9902	22,463,250
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	6.9505	52,128,750
Türkiye Finans katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş.	USD	65,000,000	5.9902	389,363,000
Turkland Bank A.Ş.	TRY	15,000,000	1.0000	15,000,000
Arap Türk Bankası A.Ş.	USD	2,000,000	5.9902	11,980,400
				859,009,100

As of 30 September 2018, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX		FX Rate	TRY Equivalent
	Currency	FX Amount		
Eximbank	USD	337,500	5.9902	2,021,693
Eximbank	EUR	1,004,625	6.9505	6,982,646
				9,004,339

As of 30 September 2018, bank details of the bonds are as follows:

Bond	Bank Name	FX		FX Rate	TRY
		Currency	FX Amount		Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	8,500,000	5.9902	50,916,700
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	EUR	12,200,000	6.9505	84,796,100
Türk Eximbank	Halkbank A.Ş.	USD	500,000	5.9902	2,995,100
Türk Eximbank	Halkbank A.Ş.	EUR	8,750,000	6.9505	60,816,875
Türk Eximbank	Odeabank A.Ş.	EUR	2,000,000	6.9505	13,901,000
Türk Eximbank	Şekerbank T.A.Ş.	EUR	500,000	6.9505	3,475,250
Türk Eximbank	Arap Türk Bankası A.Ş.	EUR	1,500,000	6.9505	10,425,750
Türk Eximbank	Vakıf FaktoringA.Ş.	EUR	2,598,641	6.9505	18,061,854
Türk Eximbank	İş FaktoringA.Ş.	EUR	1,281,614	6.9505	8,907,858
Türk Eximbank	İş FaktoringA.Ş.	USD	1,950,000	5.9902	11,680,890
T.C.Merkez Bankası	Türkiye Vakıflar Bankası T.A.O.	EUR	300,000	6.9505	2,085,150
T.C.Merkez Bankası	Halkbank A.Ş.	EUR	1,550,000	6.9505	10,773,275
T.C.Merkez Bankası	İşbankası A.Ş	EUR	3,900,000	6.9505	27,106,950
T.C.Merkez Bankası	Turkland Bank A.Ş	EUR	1,150,000	6.9505	7,993,075
T.C.Merkez Bankası	Odeabank A.Ş.	EUR	1,750,000	6.9505	12,163,375
					326,099,202

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NOTE 20 –PROVISIONS

Other Short Term Provisions

	30.09.2018	31.12.2017
Provision for the lawsuits	490,115	419,248
Provision for unused vacation	4,252,620	2,125,159
	4,742,735	2,544,407

	30.09.2018	31.12.2017
Unused vacation provisions at beginning of period	2,125,159	1,683,347
Offsetting during the period	32,041	96,373
Provisions during the period	2,095,420	345,439
Closing balance	4,252,620	2,125,159

Long Term Provisions for Employee Benefits

	30.09.2018	31.12.2017
Provision for severance pay	41,600,772	31,436,701
	41,600,772	31,436,701

For the period of 01 January – 30 September 2018, the average personnel number including subcontractors employed by the Group is 4,047. (01.01-31.12.2017: 4,000). The rate of retirement probability used is 99%. (01.01-31.12.2017: % 99).

For the period ended at 30 September 2018 and 31 December 2017, the movement schedule of severance pay provision is as follows:

	30.09.2018	31.12.2017
Balance of 01 January	31,436,701	26,646,229
Increase in the period	12,868,925	8,923,350
Interest cost	1,420,621	1,638,121
Payments	(5,655,337)	(5,503,545)
Actuarial profit/(loss)	1,529,862	(267,454)
Balance at the end of the period	41,600,772	31,436,701

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NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

	30.09.2018	31.12.2017
Due to personnel	11,330,786	9,266,735
Social security deductions payable	3,081,508	5,576,501
	14,412,294	14,843,236

NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	30.09.2018	31.12.2017
VAT carried forward	65,146,815	49,902,738
	65,146,815	49,902,738

NOTE 23 – SHARE CAPITAL

23.1 Paid in Capital

As of 30 September 2018, Group's paid in capital was divided into 250,000,000 shares as each valued at TRY 0,01 nominally 25,000,000,000 shares.

As of 30 September 2018 and 31 December 2017, Group's paid in capital is as follows:

	30.09.2018		31.12.2017	
Shareholders:	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	46.88%	117,189,944	47.12%	117,789,944
Akça Holding A.Ş.	50.73%	126,829,500	50.49%	126,229,500
Other	2.39%	5,980,556	2.39%	5,980,556
Total	100.00%	250,000,000	100.00%	250,000,000

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

23.2 Inflation Adjustments of Shareholders' Equity

	30.09.2018	31.12.2017
Inflation adjustment of shareholders' equity	485,133	485,133
	485,133	485,133

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

23.3.1 Defined Benefit Plans Re-Measurement Gains (Losses)

	30.09.2018	31.12.2017
Defined Benefit Plans Re-Measurement Gains (Losses)	(321,748)	878,779
	(321,748)	878,779

23.4 Restricted Reserves

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

	30.09.2018	31.12.2017
Legal reserves	10,209,777	10,209,777
	10,209,777	10,209,777

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

Profit Distribution

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

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

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

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23.5 Retained Earnings/ Losses

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

23.6 Minority Interest

The details of the minority interests as of 30 September 2018 are as follows:

30 September 2018	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	13,117,546	1,497,424	79.17%	20.83%	2,732,822	311,963	292,890
Tan Elektrik	(9,234,005)	(24,587,932)	67.90%	32.10%	(4,285,779)	(7,892,726)	(7,894,392)
Akça Enerji	(45,717,789)	(63,500,762)	80.42%	19.58%	(16,911,920)	(12,435,983)	(12,438,607)
					(18,464,877)	(20,016,746)	(20,040,109)

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

31 December 2017	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	11,711,672	3,151,736	79.17%	20.83%	2,439,932	656,612	650,800
Tan Elektrik	7,359,117	(5,877,174)	67.90%	32.10%	1,080,613	(1,886,573)	(1,888,850)
Akça Enerji	17,796,375	(12,508,111)	80.42%	19.58%	(4,473,313)	(2,449,587)	(2,449,525)
					(952,768)	(3,679,548)	(3,687,575)

NOTE 24 – SALES AND COST OF SALES

24.1 Sales

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Domestic sales	227,055,996	111,210,868	104,340,412	36,632,545
Export sales	573,410,163	464,808,210	311,443,683	256,776,854
Other sales	8,303,843	2,739,971	6,457,798	1,230,386
	808,770,002	578,759,049	422,241,893	294,639,785
Sales returns	(1,617,338)	(432,886)	(131,075)	(298,023)
Other discounts	(1,873,250)	-	(90,337)	-
Sales Income, (net)	805,279,414	578,326,163	422,020,481	294,341,762

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24.2 Cost of Sales

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Direct material expenses	379,609,258	354,540,378	157,366,130	123,088,515
Direct labor expenses	106,047,712	87,484,817	36,885,968	30,474,910
General production expenses	50,424,887	43,312,580	19,029,025	20,272,735
Depreciation expenses	11,620,661	10,897,249	3,855,877	4,006,871
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods(+)	130,845,618	60,271,642	-	-
2. Ending semi-finished goods (-)	(120,950,270)	(123,059,662)	18,812,349	(1,371,441)
Cost of finished goods produced	557,597,866	433,447,004	235,949,349	176,471,590
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	11,866,835	26,581,922	-	-
2. Ending inventory (-)	(30,061,662)	(38,189,904)	44,561,370	41,217,795
Cost of finished goods sold	539,403,039	421,839,022	280,510,719	217,689,385
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	794,336	597,620	-	-
2. Purchases during the period (+)	10,486,815	5,832,818	1,581,541	1,999,990
3. Ending merchandise inventory (-)	(199,436)	(570,691)	62,797	(97,850)
Cost of merchandises sold	11,081,715	5,859,747	1,644,338	1,902,140
Cost of other service rendered	526,632	601,616	42,141	46,412
Cost of other sales	95,544,889	4,213,018	62,662,231	1,791,637
Cost of biological assets	20,704,984	13,525,060	1,121,948	1,626,674
Depreciation of biological assets	1,724,202	1,654,449	594,058	547,878
Energy costs	11,480,521	6,850,352	6,303,184	2,680,267
Energy depreciation	6,411,640	8,461,782	2,748,310	2,834,309
Cost of sales, net	686,877,622	463,005,046	355,626,929	229,118,702

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As of 01 January – 30 September 2018 and 2017, for each main production group, quantities of goods and services:

	Unit	01.01.- 30.09.2018	01.01.- 30.09.2017
Yarn	Kg	10,083,448	10,608,170
Raw Clothing	Mt2	87,318,505	90,074,483
Finishing Cloth	Mt2	116,212,950	142,064,610
Lining	Mt2	16,986,645	12,943,237
Linens, Sheets, Curtains, Pillows	Unit	13,552,903	15,847,418
Electricity	Kwh	122,567,566	114,006,116
Cotton Waste	Kg	314,461	132,812
Piece of Cloth	Kg	2,931,766	2,884,838
Yarn Waste	Kg	478,980	664,519
Textile Trash Powder	Kg	290,624	175,777
Pepper	Kg	27,117	-
Tomato	Kg	4,438,100	5,873,107
Dried Figs	Kg	1,637,089	-
Dried Apricot	Kg	365,007	-
Dried Grape	Kg	6,388,854	-

As of 01 January – 30 September 2018 and 2017, for each main sales group, quantities of goods and services:

	Unit	01.01.- 30.09.2018	01.01.- 30.09.2017
Yarn	Kg	147,319	1,153,205
Finishing Cloth	Mt2	11,689,864	14,006,620
Lining	Mt2	15,805,414	13,750,909
Linens, Sheets, Curtains, Pillows	Unit	13,765,854	15,279,031
Electricity	Kwh	64,474,216	51,923,310
Cotton Waste	Kg	249,610	88,440
Piece of Cloth	Kg	2,790,160	3,031,320
Yarn Waste	Kg	478,980	685,700
Textile Trash Powder	Kg	232,720	177,740
Pepper	Kg	27,117	-
Tomato	Kg	7,094,777	5,873,107
Dried Figs	Kg	1,637,089	-
Dried Apricot	Kg	365,007	-
Dried Grape	Kg	6,388,854	-

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NOTE 25 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Research and development expenses	3,065,374	-	1,196,398	-
Marketing, sales and distribution expenses	20,647,249	18,631,871	7,425,474	8,675,547
General administrative expenses	17,655,825	11,986,180	5,463,353	4,805,498
	41,368,448	30,618,051	14,085,225	13,481,045

25.1 Research and Development Expenses

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Direct Material expenses	1,665,945	-	567,181	-
Personnel expenses	1,250,291	-	533,203	-
Other expenses	149,138	-	96,014	-
	3,065,374	-	1,196,398	-

25.2 Marketing Expenses

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Personnel expenses	6,088,693	5,023,404	2,170,430	1,798,055
Export expenses	12,590,459	11,942,298	4,405,302	6,149,562
Transportation of domestic sale	212,788	492,678	64,099	326,137
Depreciation expenses	50,571	15,161	37,000	4,916
Severance pay	282,365	74,193	136,436	53,331
Fair expenses	410,481	464,159	117,345	174,369
Other expenses	1,011,892	619,978	494,862	169,177
	20,647,249	18,631,871	7,425,474	8,675,547

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25.3 General Administrative Expenses

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Personnel expenses	5,328,067	4,948,472	1,947,867	2,623,855
Insurance expenses	1,054,918	584,290	455,829	44,728
Vehicle and office rental expenses	637,767	708,820	271,236	310,145
Education and consultancy expenses	1,447,984	523,375	683,018	143,656
Office expenses	560,165	1,126,555	560,165	1,069,260
Capital market expenses	198,409	126,055	56,255	48,627
Repair and maintenance expenses	625,020	107,720	598,977	27,829
Travelling expenses	851,267	216,841	233,282	50,267
Membership expenses	181,916	111,867	121,574	31,862
Tax and duty expenses	1,037,374	452,468	268,475	1,093
Shares in holding cost (*)	713,134	452,226	188,002	110,961
Aid and donation expenses	215,962	473,739	155,363	135,586
Provision for severance pay expense	473,710	315,785	(102,310)	215,022
Provision for unused personnel leave	1,566,820	524,417	(633,738)	(89,813)
Provision for doubtful receivables	69,651	34,677	69,235	(5,771)
Depreciation expenses	618,274	577,549	194,067	44,578
Other expenses	2,075,387	701,324	396,056	43,613
	17,655,825	11,986,180	5,463,353	4,805,498

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

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NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)

26.1 Other Income From Operating Activities

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Reversal of unnecessary provision	-	45,824	-	-
Foreign exchange gains related to commercial activities	52,656,147	8,382,396	40,867,466	3,069,406
Discount income / expenses on payables, net	7,475,960	1,124,153	4,930,429	162,285
Rental income	383,482	367,338	128,169	132,023
Other income and profit	4,039,134	3,284,324	1,250,306	1,939,938
	64,554,723	13,204,035	47,176,370	5,303,652

26.2 Other Expenses From Operating Activities (-)

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Commissions expenses	1,400,883	588,174	486,269	127,271
Foreign exchange gains related to commercial activities	19,790,939	8,350,507	5,781,342	1,824,876
Discount income / (expenses) on trade receivables	4,537,377	1,490,874	2,019,233	63,853
Other expenses and losses	770,516	1,859,894	674,580	748,907
	26,499,715	12,289,449	8,961,424	2,764,907

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NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE

27.1 Income from Investment Activities

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Profit on sale of fixed assets	135,050	55,046	135,050	-
	135,050	55,046	135,050	-

27.2 Expenses from Investment Activities (-)

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Losses on sale of fixed assets	-	75	-	-
	-	75	-	-

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

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Shares related with investment valued by the equity pick-up method	22,996,499	10,086,843	2,253,375	2,121,057
	22,996,499	10,086,843	2,253,375	2,121,057

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NOTE 28 – FINANCIAL INCOME / EXPENSES

28.1 Financial Income

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Interest income	315,769	224,560	113,742	54,835
Maturity differences income from related parties (6-iii-g)	1,252,478	6,937,103	116,893	2,489,558
Foreign exchange income regarding financial activities	6,961,912	10,906,351	4,266,290	1,358,605
Foreign exchange income from related parties (6-iii-f)	89,498	149,488	-	124,979
Foreign exchange income arising from future contracts	4,021,116	561,165	2,221,384	49,539
	12,640,773	18,778,667	6,718,309	4,077,516

28.2 Financial Expenses (-)

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Interest expenses	18,624,913	11,482,500	5,578,353	4,251,389
Interest expenses for related parties (6-iii-i)	208,020	-	132,493	-
Foreign exchange losses	346,538,739	42,923,008	232,498,701	17,281,335
Foreign expenses for related parties (6-iii-h)	44,276	-	-	-
Commission expenses of borrowings	3,070,847	1,550,273	2,032,655	403,634
Maturity differences expenses	181,571	412,416	-	158,795
Foreign exchange losses arising from futures contracts	4,808,278	2,332,313	3,540,330	796,709
Other financial expenses	1,433,820	1,454,855	254,750	435,260
	374,910,464	60,155,365	244,037,282	23,327,122

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NOTE 29 –TAX ASSETS AND LIABILITIES

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

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

The applied effective interest rate in the year of 2018 is 22% (2017: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 22% in 2018 (2017: 20%).

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

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

Taxable losses

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

Issue Premium Exception

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

The Real Estate and Subsidiary Share Sales Gain Exemption

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

Investment Allowance Exemptions

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

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According to this execution, Income and Corporation Taxpayers;

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

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

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

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

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

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

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

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

Withholding tax

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

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Deferred Tax:

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

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

	30.09.2018		31.12.2017	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	3,567,016	784,744	333,377	73,343
Severance pay provision	41,600,772	8,320,154	31,436,701	6,287,340
Unused vacation provisions	4,252,620	935,577	2,125,159	467,536
Reversal of capitalized financial expenses	227,050,170	47,434,900	23,450,850	4,690,170
Tangible assets (except land, building, land improvements and depreciations excluded), net	7,518,101	1,503,620	8,182,702	1,636,541
Tangible assets (land, building, land improvements and depreciations), net	14,854,547	1,485,456	13,352,208	1,335,220
Deductible retained losses	29,621,439	6,516,717	-	-
Forward	2,069,187	455,221	696,329	153,192
Other	7,226,009	1,589,722	4,954,253	1,089,933
Deferred tax assets		69,026,111		15,733,275
<u>Deferred tax liabilities:</u>				
Liability rediscounts	7,146,721	1,572,278	974,458	214,381
Other	4,434,645	975,622	2,618,497	576,070
Deferred tax liabilities		2,547,900		790,451
Deferred tax assets / (liabilities), net		66,478,211		14,942,824

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

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 05 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 30 September 2018 with a tax rate of 22% for the portion of temporary differences that will have a tax effect in 2018, 2019 and 2020 and 20% for temporary differences and 20% for 2021 and for after this year.

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For the period ended 30 September 2018 and 2017, movements of deferred tax assets and liabilities are as follows:

	01.01.- 30.09.2018	01.01.- 30.09.2017
Current corporation tax	(328,416)	(5,740,071)
Deferred tax assets/(liabilities), net	51,229,415	(2,140,088)
	50,900,999	(7,880,159)
Deferred Tax (Asset) / Liability Movements	01.01.- 30.09.2018	01.01.- 31.12.2017
Opening balance	14,942,824	17,526,916
Deferred tax income / (expense)	51,229,415	(2,530,601)
Actuarial (gain) / loss effect prior periods	305,972	(53,491)
Closing balance	66,478,211	14,942,824

NOTE 30 – EARNINGS PER SHARE

	01.01.- 30.09.2018	01.01.- 30.09.2017	01.07.- 30.09.2018	01.07.- 30.09.2017
Net profit / (loss) for the period	(153,132,045)	49,119,428	(101,056,519)	33,310,457
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000	250,000,000	250,000,000
Simple earnings and divided earnings pers hare (TRY)	(0.6125)	0.1965	(0.4042)	0.1332

NOTE 31 – FINANCIAL INSTRUMENTS

Financial assets	30.09.2018	31.12.2017
Liquid assets	9,760,893	37,228,665
Trade receivables	224,275,198	76,534,871
Other receivables	11,470,672	71,298,065
Financial assets	9,729,999	9,650,000
Financial liabilities		
Borrowings	1,005,188,313	631,494,898
Lease payables	3,247,620	3,231,093
Other payables	5,237,691	3,188,490
Trade payables	209,215,022	113,451,488

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

Financial Instruments

Credit Risk

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

As of 30 September 2018, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	Trade Receivables		Other Receivables		Third Party
	Related Party	Third Party	Related Party	Related Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	52,433,062	171,842,136	2,641,597	8,829,075	9,713,893
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	52,433,062	171,842,136	2,641,597	8,829,075	9,713,893
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	112,095	-	-	-
Impairment (-)	-	(112,095)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

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Liquidity risk

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

As of 30 September 2018, Group's liquidity risk table is as follows:

30 September 2018						
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	1,240,882,352	1,373,577,809	379,667,547	419,611,672	369,702,671	204,595,919
Financial borrowings	1,005,188,313	1,130,528,331	249,423,409	308,591,225	367,917,778	204,595,919
Financial leasing	3,247,620	3,456,337	719,502	951,942	1,784,893	-
Trade payables	209,215,022	216,361,744	111,593,904	104,767,840	-	-
- Related parties	12,128,957	12,250,500	12,250,500	-	-	-
- Other parties	197,086,065	204,111,244	99,343,404	104,767,840	-	-
Other liabilities	23,231,397	23,231,397	17,930,732	5,300,665	-	-
- Related parties	1,116,749	1,116,749	-	1,116,749	-	-
- Other parties	22,114,648	22,114,648	17,930,732	4,183,916	-	-
	1,240,882,352	1,373,577,809	379,667,547	419,611,672	369,702,671	204,595,919

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

31 December 2017						
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	772,686,364	879,789,222	216,921,668	335,881,639	248,804,061	78,181,857
Financial borrowings	631,494,898	723,796,960	82,580,498	328,737,829	234,296,776	78,181,857
Financial leasing	3,231,093	3,285,930	1,408,759	1,733,097	144,074	-
Trade payables	113,451,488	114,425,946	109,605,180	4,820,769	-	-
- Related parties	56,905	-	-	-	-	-
- Other parties	113,394,583	114,425,946	109,605,180	4,820,769	-	-
Other liabilities	24,508,885	38,280,386	23,327,231	589,933	14,363,211	-
- Related parties	802,333	610,677	-	211,479	399,198	-
- Other parties	23,706,552	37,669,709	23,327,231	378,465	13,964,013	-
	772,686,364	879,789,222	216,921,668	335,881,639	248,804,061	78,181,857

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Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 30 September 2018, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 1,842,093.

Foreign currency risk

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

As of 30 September 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 would have been TRY 97,307,487 more/less. (%20 evaluation/devaluation : 194,614,972 TRY).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1-USD net asset / liability	(26,863,316)	26,863,316	(26,863,316)	26,863,316
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(26,863,316)	26,863,316	(26,863,316)	26,863,316
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(70,972,062)	70,972,062	(70,972,062)	70,972,062
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(70,972,062)	70,972,062	(70,972,062)	70,972,062
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	526,794	(526,794)	526,794	(526,794)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	526,794	(526,794)	526,794	(526,794)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	1,098	(1,098)	1,098	(1,098)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	1,098	(1,098)	1,098	(1,098)
TOTAL (3+6+9+12)	(97,307,486)	97,307,486	(97,307,486)	97,307,486

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	Profit / (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 20% against USD				
1-USD net asset / liability	(53,726,630)	53,726,630	(53,726,630)	53,726,630
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(53,726,630)	53,726,630	(53,726,630)	53,726,630
In the case of increasing / losing value of TRY by 20% against EUR				
4- EUR net asset / liability	(141,944,124)	141,944,124	(141,944,124)	141,944,124
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(141,944,124)	141,944,124	(141,944,124)	141,944,124
In the case of increasing / losing value of TRY by 20% against GBP				
7- GBP net asset / liability	1,053,587	(1,053,587)	1,053,587	(1,053,587)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,053,587	(1,053,587)	1,053,587	(1,053,587)
In the case of increasing / losing value of TRY by 20% against CHF				
10- CHF net asset / liability	2,195	(2,195)	2,195	(2,195)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect (10+11)	2,195	(2,195)	2,195	(2,195)
TOTAL (3+6+9+12)	(194,614,972)	194,614,972	(194,614,972)	194,614,972

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

Foreign currency risk sensitivity

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

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Risk of intensification of sales

During the reporting periods ending on 30 September 2018 and 30 September 2017, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and international markets and competition conditions. It is paid attention to not to concentrate on a specific sector, country, person and company in terms of dissolving risks. As of 30 September 2018, the rate of buyer has biggest portion in revenue from textile activities is 43.67% and the rate of buyer has the biggest portion in the revenue from agricultural activities is 79.88% (30.09.2017: the rate of buyer has the biggest portion in the revenue from textile is 41.45% and no buyer has significant portion in the revenue from agricultural activities).

Percentage of total sales of two buyers with the largest share in total sales of the Group is given below:

Textile:

Customer	01.01.- 30.09.2018	01.01. - 30.09.2017
A Company	%43.67	%41.45
	%43.67	%41.45

Agriculture:

Customer	01.01.- 30.09.2018	01.01. - 30.09.2017
B Company	%79.88	-
	%79.88	-

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As of 30 September 2018, amounts of assets and liabilities of the Group in foreign currency are as follows:

		30 September 2018			
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	102,542,252	11,620,700	3,982,821	672,311	-
2a. Monetary Financial Assets (including cash and banks)	9,032,300	689,396	684,752	16,949	1,793
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	111,574,552	12,310,096	4,667,573	689,260	1,793
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	111,574,552	12,310,096	4,667,573	689,260	1,793
10. Trade Payables	104,066,843	15,670,809	1,466,882	-	-
11. Financial Liabilities	529,589,010	22,251,929	57,016,834	-	-
12a. Other monetary financial liabilities	453,564	29,398	23,556	14,567	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	634,109,417	37,952,136	58,507,272	14,567	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	475,316,127	22,179,198	49,271,030	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	475,316,127	22,179,198	49,271,030	-	-
18. Total Liabilities	1,109,425,544	60,131,334	107,778,302	14,567	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	24,776,137	2,975,800	1,000,000	-	-
19a. Off-balance sheet foreign currency derivative assets	32,408,850	4,250,000	1,000,000	-	-
19b. Off-balance sheet foreign currency derivative liabilities	7,632,713	1,274,200	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(973,074,855)	(44,845,438)	(102,110,729)	674,693	1,793
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(997,850,992)	(47,821,238)	(103,110,729)	674,693	1,793
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	573,410,163	34,875,122	19,038,108	1,769,263	-
24. Imports(**)	258,185,600	49,662,754	4,750,992	20,957	-

(*) The Group has TRY 285,125,263 export for the period of 01.01.-30.09.2018.

(**) The Group has TRY 2,515,516 import for the period of 01.01.-30.09.2018.

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

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

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

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

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

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

Capital Risk Management

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

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

As of 30 September 2018 and 31 December 2017, net debt / total equity ratio is as follows:

	30.09.2018	31.12.2017
Total debts	1,292,853,575	812,672,845
Liquid assets	(9,760,893)	(37,228,665)
Net debt	1,283,092,682	775,444,180
Total equity	159,105,803	330,950,484
Total capital	1,442,198,485	1,106,394,664
Net Debt/Total Equity Ratio	89%	70%