(Convenience translation into English of the independent auditors' report and consolidated financial statements originally issued in Turkish - See Note 33)

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiaries

Consolidated financial statements for the period between January 1 - December 31, 2018 and independent auditors' report

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiaries

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ege Profil Ticaret ve Sanayi Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**How key audit matters addressed in the audit**
<u>Provision for impairment of trade receivables</u> Trade receivable is considered as an important balance sheet item as they represent 34% of the assets in consolidated balance sheet. The collectibility of trade receivables is key elements of the Group's credit risk management and business capital management and also includes important judgements and estimation of management. As of December 31, 2018, there is a provision for impairment of trade receivables amounting to TL 434.450.244 in the consolidated statement of financial position amounting to TL 37.765.661. It requires significant management judgment to determine whether a trade receivables may be collectible. The Group management assesses all other information together with the aging of trade receivables, analyzing the risk of ongoing lawsuits taking letters from the company lawyer, the qualifications of the collaterals under the credit risk management and the collaterals, the collection performance after the current period and the balance sheet date. As of January 1, 2018, The Group has made amendments and to the TFRS 9 - "Financial Instruments" methodology for allocating impairment of financial assets in accordance with the newly anticipated credit loss model. In accordance with this standard, the Group has recognized expected life-time losses for all trade receivables. Due to the size of the amounts and the assessment required for the collectability evaluations of trade receivables, the existence and collectability of trade receivables is considered as a key audit matter. Details of trade receivables are disclosed in Note 7 of consolidated financial statements.	The following procedures have been applied to ensure the accurate and complete provision for impairment of trade receivables. - Analytical examination of the aging tables of its trade receivables and comparison of the collection turnover rate with prior years. - Testing of trade receivables balances by sending confirmation letter to third parties via sampling method. - Testing of collections made in subsequent period via sampling method. - Testing of the colleterals received and evaluating their ability to convert into cash. - Assessing the appropriateness and reasonableness of the methods and data sources used in the calculation of the key discernments and estimations by management, and in accordance with the TFRS 9 Financial Instruments standard. - Investigation of lawsuits related to receivables to check the appropriateness of special provisions reserved for trade receivables and obtaining confirmation letter regarding the proceedings from legal counsel. - Evaluation of the efficiency of the explanations regarding the impairment of trade receivables and trade receivables and their compliance with standards.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 20,2019.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2017 and consolidated financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Ethem Kutucular.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM
Partner

February 20, 2019
İstanbul, Turkey

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiairies

Consolidated statement of financial position
as at December 31,2018
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
		Current period	Prior period
ASSETS	**Notes**	**December 31, 2018**	December 31, 2017
Current assets			
- Cash and cash equivalents	4	**276.072.429**	56.899.490
- Trade receivables	7	**434.450.244**	488.037.490
- Trade receivables from related parties	7, 29	**81.482.247**	38.783.850
- Trade receivables from third parties	7	**352.967.997**	449.253.640
- Other receivables	8	**3.876.696**	2.678.925
- Other receivables from related parties	8, 29	**3.042.045**	2.257.750
- Other receivables from third parties	8	**834.651**	421.175
- Inventories	9	**136.786.306**	108.907.413
- Prepaid expenses	10	**5.222.926**	4.250.577
- Current income tax assets	11, 27	**3.726.041**	4.840.602
- Other current assets	18	**8.358.106**	3.058.253
SUB TOTAL		**868.492.748**	668.672.750
- Assets held for sale	26	**3.426.866**	2.785.774
TOTAL CURRENT ASSETS		**871.919.614**	671.458.524
Non-current assets			
- Other receivables	8	**1.403.407**	317.175
- Other receivables from third parties	8	**1.403.407**	317.175
- Property, plant and equipment	12	**394.421.374**	362.276.349
- Intangible assets	13	**6.240.123**	6.419.235
- Prepaid expenses	10	**5.385.152**	2.786.573
- Deferred tax assets	27	**-**	532.117
TOTAL NON-CURRENT ASSETS		**407.450.056**	372.331.449
TOTAL ASSETS		**1.279.369.670**	1.043.789.973

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

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiairies

Consolidated statement of financial position
as at December 31, 2018 (continued)
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
		Current period	Prior period
LIABILITIES	**Notes**	**December 31, 2018**	December 31, 2017
Current liabilities			
- Short term borrowings	5	**112.777.438**	63.125.545
- Current portion of long term borrowings	5	**92.184.381**	80.054.306
- Trade payables	7	**363.184.297**	213.822.406
- Trade payables to related parties	7, 29	**16.706.885**	3.994.779
- Trade payables to third parties	7	**346.477.412**	209.827.627
- Liabilities for employee benefits	17	**5.348.060**	5.658.780
- Other payables	8	**21.458**	41.232.359
- Other payables to related parties	8, 29	**-**	41.232.359
- Other payables to third parties	8	**21.458**	-
- Derivative financial instruments	6	**14.762.427**	3.974.203
- Deferred income	16	**79.157.200**	128.151.335
- Short term provisions	14	**5.888.905**	5.433.376
- Other short term provisions	14	**5.888.905**	5.433.376
- Other current liabilities	18	**6.881.623**	3.016.273
TOTAL CURRENT LIABILITIES		**680.205.789**	544.468.583
Non-current liabilities			
- Long term borrowings	5	**144.368.008**	134.615.504
- Long term provisions	17	**12.918.828**	11.693.653
- Provisions for employee termination benefits	17	**12.918.828**	11.693.653
- Deferred tax liabilities	27	**10.928.371**	-
TOTAL NON-CURRENT LIABILITIES		**168.215.207**	146.309.157

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

Consolidated statement of financial position
as at December 31, 2018 (continued)
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		Audited	Audited
		Current period	Prior period
	Notes	**December 31, 2018**	December 31, 2017
EQUITY			
Equity holders of the parent		**430.931.463**	353.012.233
- Share capital	19	**80.980.793**	80.980.793
- Adjustment to share capital	19	**7.840.703**	7.840.703
- Treasury shares (-)	19	**(5.193.952)**	(1.344.496)
- Share premium		**91.952**	91.952
- The impact of business combinations of the entities under common control		**(5.972.570)**	(5.972.570)
- Other comprehensive income / expense not to be reclassified to profit or loss		**87.117.893**	87.801.538
- Revaluation surplus for tangible assets		**91.251.885**	91.743.971
- Remeasurement gain/(loss) arising from defined benefit plan		**(4.133.992)**	(3.942.433)
- Other comprehensive income / expense to be classified to profit or loss		***(801.709)***	*(1.111.423)*
- Foreign currency translation differences		***(801.709)***	*(1.111.423)*
- Restricted reserves		**28.761.185**	26.406.430
- Retained earnings		**132.057.817**	91.176.098
- Net profit (loss) for the period		**106.049.351**	67.143.208
Non-controlling interests		**17.211**	-
TOTAL EQUITY		**430.948.674**	353.012.233
TOTAL LIABILITIES AND EQUITY		**1.279.369.670**	1.043.789.973

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiairies

Consolidated statement of profit or loss and other comprehensive income as at December 31, 2018

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited Current period January 1 – December 31, 2018	Audited Prior period January 1 – December 31, 2017
Revenue	20	**1.105.842.698**	910.321.773
Cost of sales (-)	20	**(754.554.441)**	(667.933.872)
Gross profit		**351.288.257**	242.387.901
General administrative expenses (-)	21	**(52.695.401)**	(35.882.074)
Marketing expenses (-)	21	**(121.432.771)**	(105.454.114)
Research and development expenses (-)	21	**(1.777.342)**	(1.445.883)
Other operating income	22	**141.954.435**	74.613.677
Other operating expenses (-)	22	**(103.070.961)**	(64.293.469)
Operating profit		**214.266.217**	109.926.038
Income from investment activities	23	**12.870.502**	9.066.086
Expenses from investment activities (-)	23	**(257.297)**	(2.523.484)
Operating profit before financial income / (expense)		**226.879.422**	116.468.640
Financial income	25	**64.387.127**	18.127.884
Financial expenses (-)	25	**(164.538.828)**	(61.498.245)
Profit before tax from continuing operations		**126.727.721**	73.098.279
Continuing operations tax income / (expense)		**(20.678.370)**	(6.242.933)
Current tax income / (expense)	27	**(9.169.992)**	(629.565)
Deferred tax income / (expense)	27	**(11.508.378)**	(5.613.368)
Profit from continuing operations for the period		**106.049.351**	66.855.346
Profit / (loss) from discontinued operations		**-**	287.862
Profit for the period		**106.049.351**	67.143.208
Earnings per share	28	**0,0131**	0,0083
Distribution of profit for the period:			
Equity holders of the parent		**106.049.351**	64.151.184
Non-controlling interest		**-**	2.992.024
Other comprehensive income / (expense)			
Other comprehensive income not to be reclassified to profit or loss		**(191.559)**	25.989.983
- Revaluation gain/(loss) of tangible assets	12	**-**	31.584.030
- Remeasurement gain/(loss) from defined benefit plan	17	**(239.449)**	(4.891.736)
- Revaluation gain/(loss) of tangible assets, deferred tax effect	27	**-**	(1.680.658)
- Remeasurement gain/(loss) from defined benefit plan, deferred tax effect	27	**47.890**	978.347
Other comprehensive income to be reclassified to profit or loss		**309.714**	(291.839)
- Foreign currency translation differences gain/(loss)		**309.714**	(291.839)
Other comprehensive income / (expense) (net of tax)		**118.155**	25.698.144
Total comprehensive income / (expense		**106.167.506**	92.841.352
Attributable to:			
Equity holders of the parent		**106.167.506**	89.849.328
Non-controlling interest		**-**	2.992.024

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

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiairies

Consolidated statement of changes in equity as at December 31, 2018

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

						Other comprehensive income or xpenses not to be reclassified to profit or loss		Other comprehensive income or expenses to be reclassified to profit or loss	Accumulated profit					
	Share capital	Adjustment to share capital	Treasury shares(-)	Share premium	The effect of business combinations of the entities under common control	Remeasurement gain/(loss) arising from defined benefit plan	Revaluation gain/(loss) of tangible assets	Foreign currency translation differences	Restricted reserves	Retained earnings	Net profit for the period	Shareholders’ equity	Non-controlling interests	Total equity
Balance as of January 1, 2017	**79.600.000**	**7.840.703**	**-**	**80.551**	**67.279.390**	**17.551**	**54.956.924**	**(835.621)**	**19.704.392**	**66.801.197**	**60.168.892**	**355.613.979**	**10.818.207**	**366.432.186**
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	64.151.184	64.151.184	2.992.024	67.143.208
Other comprehensive income / (expense)	-	-	-	-	-	(3.913.389)	29.903.372	(291.839)	-	-	-	25.698.144	-	25.698.144
Total comprehensive income / (expense)	-	-	-	-	-	(3.913.389)	29.903.372	(291.839)	-	-	64.151.184	89.849.328	2.992.024	92.841.352
Transfers	-	-	-	-	-	-	-	-	5.869.813	54.299.079	(60.168.892)	-	-	-
The effect of business combinations of the entities under common control	1.380.793	-	-	-	(81.110.148)	-	-	-	-	2.251.423	-	(77.477.932)	-	(77.477.932)
Classification of non-controlling interests to related accounts	-	-	-	11.401	9.523.566	(46.595)	7.280.090	16.037	832.225	(6.798.517)	2.992.024	13.810.231	(13.810.231)	-
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(22.612.209)	-	(22.612.209)	-	(22.612.209)
Increase / (decrease) due to share repurchase transactions	-	-	(1.344.496)	-	(1.665.378)	-	-	-	-	(6.025.005)	-	(9.034.879)	-	(9.034.879)
Acquisition or removal of a subsidiary	-	-	-	-	-	-	-	-	-	2.863.715	-	2.863.715	-	2.863.715
Increase / (decrease) due to other changes	-	-	-	-	-	-	(396.415)	-	-	396.415	-	-	-	-
Balance as of December 31,2017	**80.980.793**	**7.840.703**	**(1.344.496)**	**91.952**	**(5.972.570)**	**(3.942.433)**	**91.743.971**	**(1.111.423)**	**26.406.430**	**91.176.098**	**67.143.208**	**353.012.233**	**-**	**353.012.233**
Balance as of January 1, 2018	80.980.793	7.840.703	(1.344.496)	**91.952**	(5.972.570)	(3.942.433)	91.743.971	(1.111.423)	26.406.430	91.176.098	67.143.208	353.012.233	-	353.012.233
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	106.049.351	106.049.351	-	106.049.351
Other comprehensive income / (expense)	-	-	-	-	-	(191.559)	-	309.714	-	-	-	118.155	-	118.155
Total comprehensive income / (expense)	-	-	-	-	-	(191.559)	-	309.714	-	-	106.049.351	106.167.506	-	106.167.506
Transfers	-	-	-	-	-	-	-	-	2.354.755	64.788.453	(67.143.208)	-	-	-
Increase / (decrease) due to share repurchase transactions	-	-	(3.849.456)	-	-	-	-	-	-	436.180	-	(3.413.276)	-	(3.413.276)
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(24.835.000)	-	(24.835.000)	-	(24.835.000)
Increase / (decrease) due to other changes	-	-	-	-	-	-	(492.086)	-	-	492.086	-	-	17.211	17.211
Balance as of December 31, 2018	**80.980.793**	**7.840.703**	**(5.193.952)**	**91.952**	**(5.972.570)**	**(4.133.992)**	**91.251.885**	**(801.709)**	**28.761.185**	**132.057.817**	**106.049.351**	**430.931.463**	**17.211**	**430.948.674**

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

Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiairies

Consolidated statement of cash flows as at December 31, 2018
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited Current period January 1 – December 31, 2018	Audited Prior period January 1 – December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**260.047.628**	(19.792.525)
Net profit / (loss)		**106.049.351**	67.143.208
Net profit / (loss) for the period from continuing operations		**106.049.351**	66.855.346
Net profit / (loss) for the period from discontinued operations		**-**	287.862
Adjustments to reconcile net profit (loss) for the period		**75.320.541**	45.022.369
Adjustments related to corporate tax (income) expense	27	**20.678.370**	6.242.933
Adjustments related to loss (gain) arising from sale of fixed assets	23	**(1.414.390)**	(2.950.420)
Adjustments related to depreciation and amortization expenses	24	**25.050.474**	20.823.734
Adjustments related to rediscount (income) expense		**(1.352.693)**	7.765.655
Adjustments related to impairment loss (reversal) recognized on inventories	9	**676.015**	(2.673.251)
Adjustments related to impairment loss (reversal) recognized on receivables	7	**(8.922.490)**	(8.889.188)
Adjustments related to provisions (reversal) of employee benefits	17	**3.064.646**	1.555.515
Adjustments related to provisions (reversal) for litigations	14	**580.374**	(378.646)
Adjustments related to warranty provisions (reversal)	14	**(124.845)**	278.482
Adjustments related to fair value loss / (gain)r	6	**14.762.427**	3.974.203
Adjustments related to interest income	23	**(11.198.815)**	(3.592.182)
Adjustments related to interest expenses	25	**33.521.468**	22.865.534
Changes in working capital		**91.334.949**	(126.208.445)
Adjustments related to decrease (increase) in inventories	9	**(28.554.908)**	(20.508.827)
Adjustments related to decrease (increase) in trade receivables	7	**60.903.597**	(105.957.862)
Adjustments related to increase (decrease) in trade payables	7	**149.361.891**	(14.756.611)
Adjustments related to decrease in other receivables		**(3.725.225)**	14.093.207
Adjustments related to increase (decrease) in other payables		**(86.650.406)**	921.648
Cash flows provided by operating activities		**272.704.841**	(14.042.868)
Taxes refunded (paid)	27	**(12.896.033)**	(4.840.602)
Cash inflows from doubtful receivables	7	**2.317.740**	-
Employee termination benefits paid	17	**(2.078.920)**	(909.055)
CASH FLOWS FROM INVESTING ACTIVITIES		**(46.989.923)**	(27.610.755)
Purchase of property, plant and equipment and intangible assets	12,13	**(57.619.311)**	(39.104.609)
Proceeds from sales of property, plant and equipment and intangible assets	12,13	**2.017.314**	5.831.564
Advances given	10	**(2.586.741)**	2.070.108
Interest received		**11.198.815**	3.592.182
CASH FLOWS FROM FINANCING ACTIVITIES		**5.805.520**	(4.534.596)
Proceeds from financial borrowings		**364.688.770**	246.235.630
Repayments of financial borrowings		**(293.951.151)**	(202.445.702)
Interest paid		**(32.724.615)**	(22.865.534)
Dividends paid	19	**(24.835.000)**	(22.612.209)
Cash outflows from treasury shares		**(3.413.276)**	(9.034.879)
Cash inflows from derivative financial instruments, net		**(3.959.208)**	6.188.098
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**218.863.225**	(51.937.876)
Currency translation differences effect related to cash and cash equivalents		**309.714**	(924.624)
Net increase (decrease) in cash and cash equivalents		**219.172.939**	(52.862.500)
Cash and cash equivalents at the beginning of the period	4	**56.899.490**	109.761.990
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**276.072.429**	56.899.490

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

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

1. The Group's organization and nature of operations

Ege Profil Ticaret ve Sanayi Anonim Şirketi ("the Company") is a registered company in Izmir. The main operations of the Company are manufacturing and sales of all types of plastic pipes, spare parts, profiles and plastic goods. In the following sections, the Company and its Subsidiaries will be referred to as "Group".

The head office address is as follows:

Atatürk Plastik OSB Mahallesi. 5. Cadde. No: 4 35660 Menemen / İzmir.

As of December 31, 2018 and 2017, the shareholder structure of the Company is as follows:

	December 31, 2018	December 31, 2017
	Ownership rate (%)	Ownership rate (%)
Deceuninck N.V.	**95,88**	95,88
Public owned	**4,12**	4,12
	100	100

As of December 31, 2018, 4,12% of the Company's shares are listed on Borsa Istanbul. Treasury shares disclosed in Note 19. The Company's parent and ultimate parent company is Deceuninck N.V.

As of December 31, 2018 and 2017, the number of personnel by category is as follows:

	December 31, 2018	December 31, 2017
Administrative	**311**	315
Manufacture	**702**	815
Total	**1.013**	1.130

The Company has taken 87.60% of Pimaş Plastik İnşaat Malzemeleri A.Ş. (Pimaş) which owned by Deceuninck Group shares amounting to TL 85.400.364 over the main shareholder, Deceuninck N.V. on June 21, 2017. This acquisition was treated as a "Business Combination in Joint Control" and is accounted for by the consolidation of rights.

In addition to its activities in Turkey, the Company also sells through its subsidiary in Chile, its branch in India and its subsidiary in India which acquired shares on June 22, 2018.

2. Presentation of the consolidated financial statements

2.1. Basis of presentation

The Group maintains its books of account and prepares its statutory consolidated financial statements in Turkish Lira in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries of the Company which currently operate in foreign countries maintain their books of account and prepare their consolidated financial statements in accordance with the local tax legislations of the countries where they are operating and they maintain their books of account and prepare their consolidated financial statements in terms of national currency.

The accompanying interim consolidated financial statements 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. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The consolidated financial statements are based on the statutory records of the Company and its Subsidiaries and presented in TL in accordance with the TAS/TFRS with certain adjustments and reclassifications to provide a true and fair view of the financial position of the Company and its Subsidiaries.

The consolidated financial statements are prepared on historical cost basis, except for the derivative financial instruments and lands and buildings under tangible assets carried at fair value in accordance with TAS 16.

Functional and presentation currency

The consolidated financial statements are presented in TL, which is the functional currency of the Company and the presentation currency of the Group. The functional currencies used by the Company's branch in India and its subsidiaries in Chile are Indian Rupee, Chilean Peso, respectively. The items of the statement of financial position are translated at the foreign exchange rate valid at the reporting date; and the income and expense items are translated at the average rate of exchange for the period. Gains and losses arising from translation operations are stated in the "foreign exchange translation differences" account in the condensed consolidated statement of other comprehensive income. The condensed consolidated financial statements as of December 31, 2018 and the prior period financial data used for comparison purposes are all prepared in TL.

Going concern

The Group prepared interim consolidated financial statements in accordance with the going concern assumption.

Approval of consolidated financial statements

Interim consolidated financial statements were approved by the Board of Directors on February 20, 2019. The General Assembly and related legal entities have the right to amend the consolidated financial statements prepared in accordance with legal regulations and these consolidated financial statements.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. Presentation of the consolidated financial statements (continued)

Consolidation principles

The consolidated financial statements include the accounts of the parent company, Ege Profil Ticaret ve Sanayi A.Ş., its Subsidiaries, and its Branches on the basis set out as below. The consolidated financial statements of the Companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TAS/TFRS" and the application of uniform accounting policies and presentation.

Subsidiaries are companies on which the Company has rights or exposed to variable returns from its involvement with the investee and at the same time it has the power to affect these returns through its power over the investee by constituting the power to control the activities of the these companies.

- All balance sheet items other than the paid-in capital of the Parent Company and its subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated

- The Parent Company's interest in the subsidiaries is set off against the financial assets account of the Parent Company and the share capital accounts of the subsidiaries.

- As of the acquisition date that the entity included in the consolidation becomes a subsidiary and in the subsequent share acquisitions, the acquisition cost of the Parent Company's shares in its subsidiaries is set off against the value representing these shares in the equity account of the Subsidiary's statement of financial position drawn up according to fair value.

- Shares other than those of the Parent Company shares and its Subsidiaries are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling Interests" in the equity account group of the consolidated statement of financial position.

- The purchase and sales among the Parent Company and its subsidiaries and the profit and losses arising from these transactions are eliminated in the condensed consolidated statement of profit or loss and other comprehensive income. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

As of December 31, 2018 and 2017 the Group's proportion of ownership interests of subsidiaries has been shown in the following table:

	December 31, 2018	December 31, 2017
Deceuninck Importadora Limitada (Chile) (*)	**99,9%**	99,9%
Deceuninck Profiles India Private Limited (India) (**)	**99,0%**	-

(*) The statement of financial position and the statement of profit or loss of the subsidiaries are consolidated on a line-by-line basis. Non-corporate share of 0.1% has not been included in the consolidated financial statements due to the insignificant effect on the consolidated financial statement.

(**) The Company acquired 99% share of Deceuninck Profiles India Private Limited which belongs to Deceuninck Group from Deceuninck N.V. as its Parent Company amounting to TL 1.303.801 and acquired 1% share from Deceuninck N.V which belongs to Deceuninck Group amounting to TL 13.304 on June 22, 2018.For the first time, this company has been included in the consolidated financial statements as of June 30, 2018 due to the insignificant effect on the consolidated financial statement.

2. Presentation of the consolidated financial statements (continued)

Subsidiaries that have control over activities are taken into the scope of consolidation as of the date it is transferred to the Group and on the date of acquiring the control are also excluded from the scope of consolidation. Subsidiaries have been consolidated statement of financial position and income statements using the full consolidation method and the carrying value of the equity owned subsidiary the Company has been eliminated. Intercompany transactions and balances between the Company and its subsidiaries have been eliminated on consolidation level. The cost of the shares owned by the Company's value and dividends arising from these are eliminated from the related equity and income statement.

2.2 Comparative information and classification of prior period consolidated financial statements

The consolidated financial statements of the Group in the consolidated financial statements are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. Consolidated statement of financial position of the Group as at December 31, 2018 has been prepared comparatively with consolidated financial position of Group as at December 31, 2017 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2018 have been prepared comparatively with consolidated statement profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated changes in equity of Group for the period ended December 31, 2017.

Reclassification in consolidated statement of cash flows for period December 31, 2017:

- The Group has retrospectively reclassified TL 2.070.108 of given advances and payables as adjustments related to increase / (decrease) in other receivables which had presented in changes in working capital as at December 31, 2017 consolidated statement of cash flows to changes in investing activities.

Reclassification in consolidated statement of profit or loss and other comprehensive income for period December 31, 2017:

- The Group has reassessed the presentation of revenue. Accordingly interest income amounting to TL 8.549.814 is presented as other operating income within the scope of TFRS 15 in consolidated statement of profit or loss and other comprehensive income for the period ended December 31, 2017.
- Interest cost of termination indemnity amounting to TL 501.153 which is presented under other operating expense, is reclassified to financial expenses.
- The Group has reassessed the presentation of income / expenses from derivative transactions. Accordingly derivative transaction income amounting to TL 5.574.614 is presented as financial income and derivative transaction expenses amounting to TL 2.495.620 is presented as financial expenses in consolidated statement of profit or loss and other comprehensive income for the period ended December 31, 2017.
- Proceeds from sale of asset held for sale under cash flows from investing activities amounting to TL 2.597.270 have been reclassified to adjustments related to increase / decrease in trade receivables under cash flows from operating activities in consolidated statement of cash flows.

2. Presentation of the consolidated financial statements (continued)

2.3 Accounting policies, changes and errors in accounting estimates:

The significant changes that were made on accounting policies applied retrospectively and the consolidated financial statements of preceding period are restated. If changes in accounting estimates are only for a period, changes are applied to the current year but if the changes in the estimates are for the following period changes are applied both to the current and future years prospectively.

The accounting policies applied in the preparation of the consolidated financial statements as of January 1 - December 31, 2018 are consistent with those applied in the preparation of the consolidated financial statements as of December 31, 2017, except for the new TFRS 9 – Financial Instruments and TFRS 15 – Revenue from Contracts with Customers standards, which are started to be valid as of January 1, 2018.

TFRS 9 Financial Instruments

i) Classification and measurement

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 of 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 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 consist of “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 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 other comprehensive income.

2. Presentation of the consolidated financial statements (continued)

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

	Classification under TAS 39	Classification under TFRS 9
Financial assets		
– Cash and cash equivalents	Loans and receivables	Amortised cost
– 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

"Expected credit loss model" defined in TFRS 9 "Financial Instruments" superseded the "incurred credit loss model" in TMS 39 "Financial Instruments: Recognition and Measurement" which was effective prior to January 1,2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

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

- Cash and cash equivalents
- Trade receivables

For the first time implementation of the new standard, the Group has decided that there is no need for a retrospective adjustment and the relevant policies are revised for the measurement and accounting of financial instruments effective from January 1,2018 and the new standart has been implemented as details explained in Note 2.5.

2. Presentation of the consolidated financial statements (continued)

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.

As a result of the Group's works for the first time adoption of TFRS 15, the Group evaluates that there is a single performance obligation in the sales of the goods in question in the contracts made with existing customers. In addition, the variable value arising from the turnover premiums provided to the customers within the transaction price in the contracts is determined and recognized in revenue at the end of the year.

For the first time implementation of the new standard, the Group has decided that there is no need for a retrospective adjustment and the relevant policies are revised for the measurement and accounting of financial instruments effective from January 1,2018 and the new standart has been implemented as details explained in Note 2.5.

2.4 The new standards, amendments and interpretations

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

i) 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. 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. The Group disclosed the impact of the standard on financial position or performance of the Group in Note 2.3 about adopted TFRS 15 for the first time.

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2. Presentation of the consolidated financial statements (continued)

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 January 1, 2018. The Group disclosed the impact of the standard on financial position or performance of the Group in Note 2.3 about adopted TFRS 9 for the first time.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 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 recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2018. The interpretation did not have a significant impact on the financial position or performance of the Group.

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 amendments are applied for annual periods beginning on or after January 1, 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

2. Presentation of the consolidated financial statements (continued)

Annual Improvements to TFRSs - 2014-2016 Cycle

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

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

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

ii) The standards published but not still effective and not implemented early in December 31, 2018:

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

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. 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.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e. leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g. personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e. the lease liability), at the same date recognizes an asset representing the right to use the underlying asset (i.e. the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

The leases will have to remeasure the lease liability if certain events occur (for example, changes in rental time, due to change in a specific index or rate of future lease payments change, etc.). In this case, the leases will register the remeasure effect of the lease obligation as a correction on the right to use.

2. Presentation of the consolidated financial statements (continued)

The Group is in the process of assessing the impact of the standard on the financial position and performance of the Group, the explanation of preliminary analyses is as follows:

Transition to TFRS 16

The Group plans to implement TFRS 16 with the simplified retrospective approach. The Group will choose to apply this standard to contracts it has previously defined as leasing by implementing TAS 17 leasing transactions. For this reason, the Group will not apply this standard to contracts that previously did not define as a lease by TAS 17. As of the transition date, the Group plans to take advantage of the recognized facilitator for leases and low-value leases that will expire in 12 months or less. The Group's office equipment leases are considered as low value rentals.

The Group has assessed the impact of TFRS 16 on consolidated financial statements, including its subsidiaries, and according to the draft assessment, an entity with a rate of 5% of the approximate consolidated assets in accordance with the current lease agreements reserves the right to use and to register the rental obligation. This calculation will be revised in 2019 due to the variability in the parameters used. In this context, the Group plans to adopt IFRS 16 using the modified retrospective approach

Due to the adoption of IFRS 16, the Group's operating profit will improve, while its finance cost will increase. This is due to the change in accounting for expenses of leases that were classified as operating leases under IAS 17.

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 long-term 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 January 1, 2019, with early application permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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 will wait until the final amendment to assess the impacts of the changes.

2. Presentation of the consolidated financial statements (continued)

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 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 January 1, 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognized at the date of initial application.

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

Annual improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- *TFRS 3 Business Combinations and TFRS 11 Joint Arrangements* — The amendments to TFRS 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 TFRS 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.
- *TAS 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.
- *TAS 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 amendments are effective from annual periods beginning on or after January 1, 2019, with early application permitted. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2. Presentation of the consolidated financial statements (continued)

Plan amendment, curtailment or settlement" (Amendments to IAS 19)

In January 2019, POA published the "Change to the plan, downsizing or fulfilling" amendments to TAS 19. Amendment: Changes to the plan require that the cost of the service determined for the remainder of the annual accounting period and the net interest cost to be calculated using current actuarial assumptions after a reduction or fulfilment occurs. The amendments, will be applied for the annual accounting periods beginning on January 1, 2019. Early application is allowed. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost. Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. 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.

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

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of December 31, 2018

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 consolidated financial statements. However, these standards, interpretations and amendments to existing TFRS 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.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The changes are as follows:
− clarify the minimum requirements for a business;
− remove the assessment of whether market participants are capable of replacing any missing elements;
− add guidance to help entities assess whether an acquired process is substantive;
− narrow the definitions of a business and of outputs; and
− introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1,2020 and apply prospectively. Earlier application is permitted.

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

2. Presentation of the consolidated financial statements (continued)

Definition of Significance (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ’Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the consolidated financial statements.

The amendment will be effective for annual periods beginning on or after January 1, 2020. The amendments must be applied prospectively and earlier application is permitted.

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

2.5 Summary of significant accounting policies

Financial instruments

Financial assets

i) *<u>Classification</u>*

Group classifies its financial assets in two categories of financial assets measured at amortized cost, and financial assets measured at fair value through profit of 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.

ii) *<u>Recognition and measurement</u>*

“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.

2. Presentation of the consolidated financial statements (continued)

"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.

iii) *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.

iv) *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.

A financial instrument is both a contract that establishes the financial asset of a business and another entity's financial liability or equity instrument.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks with an original maturity of three months or less. Cash and cash equivalents are short term and highly liquid assets which can easily be converted into cash, with an original maturity of maximum three months and without carrying an insignificant risk of impairment.

2. Presentation of the consolidated financial statements (continued)

Trade receivables

Cheques receivables classified as trade receivables are carried at amortized cost using the effective interest rates, after deducting the allowance for doubtful trade receivables which is considering ELC model from the invoiced amount.

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. The Group recognized the provision for impairment considering letter of guarantee from its customers in accordance ECL model under simplified approach.

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.

The discounted value of trade receivables and the provision for doubtful receivables are assumed to be equivalent to the fair value of the assets.

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.

Financial liabilities are classified as equity instruments and other financial liabilities.

Other financial liabilities

Other financial liabilities (short term and long term bank loans) are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 5).

Derecognition of financial liabilities Financial liabilities are derecognized only when the Group's liability is eliminated, canceled or expired. The difference between the carrying amount of the financial liability and the amount paid or to be paid, including the transferred non-cash assets or the liabilities assumed, is recognized in profit or loss

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.

2. Presentation of the consolidated financial statements (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a borrowing instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Derivative financial instruments

The Group makes forward foreign exchange contracts in the foreign currency market. According to the Group 's risk management policies, such futures contracts entered for hedging purposes are classified as held for trading because they do not meet the requirements for hedge accounting in accordance with IFRS 9 Financial Instruments liabilities and assets are recognized at fair value and changes in fair value are reflected in the income statement. If the gain or loss arising from the fair value measurement of the derivative financial instruments at the reporting date and the gain or loss arising from derivative transactions realized within the period relates to the operating activities of the derivative transactions, are recognized in "other income (expenses) from the main operations" and within the derivative transactions are related to financing activities are recognized in “financial income / (expenses)” in the consolidated statements profit or loss.

Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. In the consolidated financial statements, the shareholders of the Company, the Companies they own, their directors and other groups known to be related are defined as related companies.

The book value of receivables from related parties and the liability to related parties is assumed to be equivalent to the fair value of assets and liabilities.

Key management personnel are composed of chairman and members of board of directors, general manager and general manager assistants .

2. Presentation of the consolidated financial statements (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition.

Raw material cost is calculated using the weighted average method. Direct material cost and labour cost and fixed and variable general administration cost included at certain rates to work in process and finished goods and calculated using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment, except for land and buildings are carried at cost less accumulated depreciation.

Property, plant and equipment are recognized after deducting accumulated depreciation if any, after made provision for impairment losses, except for land, land and land improvements and buildings, which are remeasured at their fair value according to the revaluation model. The revenues measured in accordance with the revaluation model are shown by deducting the accumulated amortization from the fair values of the buildings and underground structures and buildings. The difference between the net book value determined after deducting the accumulated depreciation from the historical cost value and the fair value is followed up with the net deferred tax effect on the "Property, plant and equipment revaluation and measurement gains (losses)" account under equity. The fair value of property, plant and equipment measured in accordance with the Group's revaluation model exercises by a real estate appraisal company licensed by the Capital Markets Board.

In addition, the difference between the depreciation calculated based on the revalued amount carried at the asset and the depreciation calculated based on the first day value of the asset has been transferred from the tangible fixed assets revaluation fund under the depreciation effect equity accounts calculated annually by the linear method considering the economic life together with the deferred tax effect are transferred to the retained earnings (losses) account.

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets.

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

	Useful life (year)
Land improvements	2-40
Buildings	10-42
Furniture and fixtures	3-10
Machinery and equipment	2-25
Vehicles	4-8
Other tangible assets	5

2. Presentation of the consolidated financial statements (continued)

Cost value of tangible asset; the purchase price, the import tax, and the non-taxable taxes, are expenses incurred to make the tangible asset ready to use. Expenses such as repairs and maintenance that occur after the use of the tangible asset have started are recorded as expense in the period in which they are incurred. If expenditure provides an economic value increase in the future use of the related tangible asset, these expenditures are added to the cost of the asset and amortized over the remaining economic useful life.

Intangible assets

Intangible assets and accumulated amortization of the cost, if any, shown by their impairment loss.

Intangible assets consist of license that are bought, brand, industrial software, dealer list, software license right and other rights and they capitalized according to IFRS 3 assets that are composed of other rights and are capitalized at the fair value determined at the time of purchase in accordance with IFRS 3 "Business Combinations". Positive goodwill, trademark and outsourced license fee resulting from the related business combination are not subject to amortization due to the non-existence of a certain economic life, but it is examined whether there is any impairment in the carrying value each year.

Other intangible assets (software licensing rights and other rights) are amortized over the estimated useful life of the asset in accordance with the normal depreciation method of 3-20 years. The carrying values of these intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Assets classified as held for sale

Non-current asset are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets are classified as assets held for sale when their carrying amount is considered to be recovered principally through a sale transaction instead of usage. When the court obtains the right to use the asset by means of an order or customer's inquiry, the amount of the related doubtful trade receivable is netted from the value determined in the expert reports and classified as held for sale asset, and the difference between the fair value of the asset and the amount of trade receivable is reflected in the income statement. Assets held for sale are stated at the lower of carrying amount and fair value. The impairment loss is recognised as expense under consolidated profit or loss statement of the period, at which time the carrying value is less than the fair value. No amortization is recognized for these assets.

2. Presentation of the consolidated financial statements (continued)

Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the Central Bank of Turkey exchange rates prevailing at the statement of the financial position dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized under the other operating income/expenses and financial income/expense in the statement of profit or loss.

Foreign currency exchange rates used by the Group at the time of statement of financial position dates are as follows:

	USD / TL	Euro / TL
December 31, 2018	**5,2609**	**6,0280**
December 31, 2017	3,7719	4,5155

Impairment of non-financial assets

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and the provision is recognized in the statement of comprehensive income as an expense, offsetting the impairment loss

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. The value in use of the mentioned assets represents the net present value of the net cash inflows from the continuous use and sales of these assets discounted with an appropriate discount rate.

If the impairment provision recognized in previous years is no longer valid, or if a lower provision is required to be set aside, the amount is withdrawn and reflected in the income statement.

However, an increase in the carrying value of the reversal of the impairment loss is recorded, provided that no impairment has been recognized in the previous years. The carrying amount of the remeasurement of fixed assets is initially recognized as a liability, net of the revaluation reserve in equity, and then an amount remaining after the total impairment is recognized as expense in the income statement.

2. Presentation of the consolidated financial statements (continued)

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 22% (will be applied as 22% for 2018, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax. The rate of corporate tax in India is 43%, and the rate of corporate tax in Chile is 27%.

As of December 31, 2018 and December 31, 2017, income tax provisions have been accrued in accordance with the prevailing tax legislation.

75% of the income derived by the Group from the sale of participation shares, preferential rights, founders' shares and redeemed shares and 50% of the income derived by the Group from the sale of immovable property which are carried in assets for at least for two years is exempt from corporate tax with the condition that the relevant income should be added to the share capital or kept under a special reserve account under equity for 5 years in accordance with the Corporate Tax Law.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2018, 22% tax rate is used in the deferred tax calculation of December 31, 2017 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

2. Presentation of the consolidated financial statements (continued)

Income and expenses

Accruals basis accounting is applied for the recognition of revenue and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Revenue recognition

In accordance with TFRS 15 "Revenue Standard from Customer Agreements", which is effective as of January 1, 2018, Group accounts in the consolidated financial statements of the revenue consignment in accordance with the following five-tiered model.

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

The Group assesses the goods or services undertaken by each contract made with the customers and sets each commitment to transfer such goods or services as a separate performance obligation. For each performance obligation, at the beginning of the contract, the obligation to fulfill the obligation is to be delivered in time or at a certain time. When the control of a good or service is over time and the Group fulfills its performance obligations related to sales in a timely manner, the Group takes the consolidated statements in the console at the expiration time by measuring the progress towards fulfillment of the fulfillment obligations. When Group fulfills the obligation to perform the obligation by transferring a promised good or service to the customer, it records the transaction value corresponding to the obligation as revenue in the consolidated financial statements.

When Group evaluates the transfer of the customer for the control of the goods or services sold,

a) Group owns the right to collect the goods or services,
b) Owns legal ownership of the goods or services,
c) The transfer of the possession of the goods or services,
d) Ownership of the significant risks and rewards of ownership of the property of the customer,
e) Takes into consideration the conditions under which the customer accepts goods or services.
f) It is probable that the Group will be charged for the goods or services to be transferred to the customer. When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

Within the scope of TFRS 15, 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.

2. Presentation of the consolidated financial statements (continued)

Interest income

Interest income is accrued on an effective interest rate basis. In the case of unpaid interest accrual prior to the acquisition of an interest-bearing security; the collected interest is divided into pre-acquisition and post-acquisition periods and only the portion after the acquisition is reflected in the consolidated financial statements as revenue.

Earnings per share

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

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

Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

Provision for warranty

Warranty expenses are recognized on an accrual basis for amounts estimated based on prior periods’ realization.

Contingent assets and liabilities

The contingent liabilities are not reflected in the financial statements but disclosed in the footnotes if the circumstances requiring the transfer of resources are not highly probable. The contingent assets are disclosed in footnotes if they are not reflected in the consolidated financial statements but are likely to generate economic benefits.

2. Presentation of the consolidated financial statements (continued)

Employee benefits

Defined benefit plan (Provisions for termination indemnity)

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees or reasons except for resignation and behaviors stated in labor law, calculated in accordance with the Turkish Labor Law.

In the consolidated financial statements, the Group has recognized a liability using the "Projected Unit Credit Method" based upon factors derived using the Group's experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the consolidated statement of comprehensive income.

Provisions for unused vacations

Liabilities due to unused vacations classified as provisions due to employee benefits are accrued and discounted if the discount effect is material.

Leases

Financial leasing

Financial leases that transfer all the risks and benefits of ownership of the leased asset are reflected at the beginning of the lease on the basis of the fair value of the leased asset and the present value of the lease payments. Financial lease payments are allocated as principal and finance interest during the lease term to generate a fixed periodic rate of interest for the remaining debt for each period. Financing expenses are reflected directly to the income statement over periods. Activated leased assets are depreciated over their estimated useful lives.

Operational leasing

Leases where the leaseholder holds all risks and benefits of the leased asset are classified as operating leases. Operational rent payments are recorded in the income statement as a straight line expense over the lease maturity.

Segment reporting

The Group has identified operating segments based on internal reports regularly audited by the competent authority to make decisions on its activities. The Group's chief executive officer is the Group's general manager and Board of Directors.

The decision-making authority of the Group examines the results and activities in terms of customer groups with different risks and benefits, in order to make decisions about the resources allocated to the divisions and to evaluate the performance of the divisions. The distribution of the Group on the basis of customer groups is as follows: Domestic market, foreign market and other. Certain assets and liabilities, income and expenses are not included in the segments because they are centrally managed at the group level.

2. Presentation of the consolidated financial statements (continued)

Goodwill

Goodwill is measured as the sum of the fair value of the acquiree's share of the previously acquired acquiree's share of the consideration transferred, the non-controlling interests ownership in the acquiree and, if any, the acquiree in an incremental business combination, the identifiable assets of the acquiree at the date of acquisition, and is calculated as the amount exceeding the net amount of the identifiable liabilities assumed. If the entity acquired after reassessment exceeds the net amount of identifiable assets and identifiable liabilities recognized at the acquisition date, the fair value of the transferred consideration, the non-controlling interests in the acquired business and, if any, the fair value of the interests in the business acquired prior to the acquisition, are recognized directly in profit or loss as gain on disposal.

Capital and dividends

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

Share premiums

Share premium represents differences resulting from the sale of the Group's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

The effect of business combinations of the entities under common control

Business combinations arising from the transfer of the shares of companies under the control of shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered and if it, took place later, on the date the joint control is established. To this end comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders equity items for the acquired companies are added to the same items in the Group's equity except for the capital and resulting profit or loss is recognized within equity.

Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the statement of financial position date and the date when the statement of financial position is authorized for issue

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events occurring after the reporting date. If non-adjusting events after the reporting date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

2. Presentation of the consolidated financial statements (continued)

Statement of cash flows

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 consolidated 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.

Offsetting

When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

Treasury shares

When the shares that were recognized as paid-in capital are bought back the amount paid is deducted from equity in a way to include the amount resulting from the deduction of the tax impact of costs attributable to buyback. Shares bought back are indicated as a reduction in shareholders' equity. When the shares are sold or re-issued, the amount obtained is registered as capital increase and the resulting transaction surplus/(deficit) is transferred to retained earnings.

2 Presentation of the consolidated financial statements (continued)

2.6 Significant accounting judgments, estimates and assumptions

In preparation of the consolidated financial statements in accordance with TAS, the Group management is required to make some judgments, estimates and assumptions which will affect the amount of reported assets and liabilities, contingent liabilities and commitments and the income and expense amounts as of the reporting date. These estimates and assumptions may differ from actual results and the Group Management although based on the best knowledge about current events and transactions. Those estimates are reviewed regularly and any necessary corrections are made and reflected in the statement of profit or loss in the period in which they occur.

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- The provision for impairment on trade receivables is calculated in accordance with ECL (expected credit loss) model under a simplified approach. In accordance with the mentioned model, the Group follows its customers in terms of payment performances in the previous periods and the aging its receivables. In calculation of the provision for impairment, the Group performs net risk calculation also considering the letter of guarantees on customer basis and used the expected credit loss rates determined by the previous experiences.In each reporting period, the Group management reviews the expected credit loss ratios and fair values of the collaterals ,in the portfolios considered in the credit risk calculation. As of December 31, 2018 the Group's provision for impairment of trade receivables and letter of guarantees in its portfolio has been disclosed in Note 7 and Note 15.

- The Group has made certain important assumptions based on experiences of technical personnel in determining useful economic life of mainly related to tangible and intangible assets. The Group recognizes depreciation and amortization for its property, plant and equipment and intangibles by taking into account their useful lives that are stated in Note .5 (Note 12 and13).

- Impairment of inventories, inventories are examined physically and how past has come, the availability of technical personnel is determined in accordance with their opinions and provision is made for the items that are estimated to be unavailable as a result of these studies, the reserve for inventories that are less than the net realizable cost value is allocated in Note 9.

- Deferred tax assets are recognized if they are more likely to benefit from temporary differences and from accumulated losses by generating future taxable profits. It is necessary to make important estimates and assessments of the taxable profits that may arise in the future when the amount of deferred tax assets to be recorded is determined. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The details of tax assets and liabilities explained in Note 27.

- Retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). Due to these plans are long-term, these assumptions contain significant uncertainties. Provisions for benefits provided to employees are included in Note 17.

- When provisions of litigations are made, the probability of losing the case and the consequences cash outflows that will be tolerate in case of losing are evaluated by the legal advisers of the Group and the management of the Group makes the necessary provisions by using the data on hand and these provisions have been recognized in its consolidated financial statements. In addition in accordance with the tax laws in force within the framework of the ongoing tax examination, the Group has been accounted for by calculating the cash outflows on the basis of the best estimates within the available information, taking into account the opinions of the tax consultants. (Note 14).

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. Presentation of the consolidated financial statements (continued)

- Warranty expenses are recognized on an accrual basis for amounts estimated based on prior periods' realization in accordance with its domestic sales with legal regulation in Turkey. The Group has reclassified warranty reserves to be expected to be realized in one year as current provision (Note 14).

- The Group management assesses at each reporting period whether there are any circumstances indicating impairment in the scope of the impairment assessment of the assets; it uses independent real estate appraisal works for buildings and buildings intended for use as measured by revaluation model. The Group management, taking into consideration the transactions carried out for the assets held for sale in the current period and in the following period and taking into account the assessments made with the real estate experts regarding the tangible assets measured in accordance with the other revaluation model, indicates any impairment in their non-financial asset. Concludes that there is no case.

3. Segment reporting

The Group's operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Group structure has been organized to operate in one segment rather than separate business segments. Consequently, the business activities of the Group are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2018	December 31, 2017
Cash on hand	**7.849**	15.063
Cash at banks		
- TL time deposits (***)	**163.059.000**	15.436.000
- Foreign currency time deposits (****)	**79.183.200**	9.384.436
- TL demand deposits	**6.738.258**	5.255.357
- Foreign currency demand deposits	**643.020**	740.623
Cheques at collection (*)	**26.439.446**	25.208.924
Other (**)	**1.656**	859.087
	276.072.429	56.899.490

(*) Cheques at collection represent the cheques on the company's bank accounts for collection that have maturities are close or close to the due date reporting and the cheques are collected in the following period.
(**) It refers to the assets held by brokerage houses regarding the liquidity provision transactions conducted by the Company through the purchase and sale of its own shares in the Exchange under the CMB legislation.
(***) As of December 31, 2018, the interest rate range of the TL deposits at banks are 18,50% - 22,75% (December 31, 2017: 9,50% - 14,75%) and their maturity periods are within 1-3 days.
(****) As of December 31, 2018, the interest rates of forward foreign exchange deposits at banks are 2,15% - 4,00% (December 31, 2017: 0,10% - 2,50%) and their maturity dates are within 1-3 days

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. Financial liabilities

As of December 31, 2018 and 2017, the detail of short term borrowings are as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency amount	**TL amount**	**Weighted average interest rate (%)**	Foreign currency amount	TL amount	Weighted average interest rate (%)
Short term bank borrowings		**112.777.438**			63.125.545	
TL (free of interest)	**-**	**60.285**		-	75.754	
TL (*)	**-**	**65.000.000**	**23,67**	-	3.000.000	6,59
TL(**)	**-**	**10.000.000**	**39,75**	-	-	-
Euro(**)	**5.000.000**	**30.140.000**	**3,00**	-	-	-
TL(****)	**-**	**-**	**-**	-	60.000.000	12,30
Interest accrual		**7.577.153**			49.791	
Current portion of long term bank borrowings		**92.184.381**			80.054.306	
TL (*)	**-**	**12.000.000**	**13,88**	-	36.000.000	12,66
TL (***)	**-**	**50.000.000**	**14,72**	-	20.000.000	14,60
Euro (*)	**4.545.454**	**27.399.997**	**3,17**	4.545.454	20.524.998	3,17
Interest accrual		**2.784.384**			3.529.308	
		204.961.819			143.179.851	

As of December 31, 2018 and 2017, the detail of long term borrowings are as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency amount	**TL amount**	**Weighted average interest rate (%)**	Foreign currency amount	TL amount	Weighted average interest rate (%)
TL (***)	**-**	**20.000.000**	**15,25**	-	30.000.000	14,60
TL (*)	**-**	**6.000.000**	**13,88**	-	18.000.000	13,68
Euro (*)	**14.636.365**	**88.228.008**	**2,82**	19.181.819	86.615.504	2,82
Euro(***)	**5.000.000**	**30.140.000**	**4,50**	-	-	-
		144.368.008			134.615.504	

(*) Interest payable every six months, fixed interest rate, no guarantee
(**) Interest payable at the end of the period, fixed interest rate, no guarantee
(***) Interest payable every three months, fixed interest rate, no guarantee
(****) Interest payable in advance, fixed interest rate, no guarantee

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. Financial liabilities (continued)

The repayment schedule of the Group's long term bank borrowings as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Within 1 - 2 years	**83.539.997**	62.524.997
Within 2 – 3 years	**27.399.997**	26.524.998
Within 3 – 4 years	**27.400.014**	20.524.998
More than 4 years	**6.028.000**	25.040.511
	144.368.008	134.615.504

There is no guarantee given by the Group for the short and long bank borrowings given as of December 31, 2018 and December 31, 2017.

6. Derivative instruments

The Group has made forward exchange contracts during the period for hedging risks that may arise upon foreign currency fluctuations.

As of December 31, 2018, the total nominal value of unfunded forward foreign exchange contracts and options is USD 10.600.000 (December 31, 2017 and: USD 22.063.885), Euro 28.500.000 (December 31, 2017: Euro 7.500.000) and Chilean Peso 4.420.347.250 (December 31, 2017: Chilean Peso 4.196.555.000).

As a result of the fair value measurement of the foreign currency purchase / sale agreements that are not yet outstanding, the Group has recorded a liability for derivative financial instruments amounting to TL 14.762.427 (December 31, 2017: TL 3.974.203) in the consolidated financial statements as of December 31,2018.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

7. Trade receivables and payables

The details of short term trade receivables of the Group are as follows:

	December 31, 2018	December 31, 2017
Trade receivables from related parties (Note 29)	**81.482.247**	38.783.850
	81.482.247	38.783.850
Trade receivables	**59.802.690**	41.200.332
Cheques and notes receivables	**305.787.145**	421.129.267
Rediscount on trade receivables (-)	**(12.621.838)**	(13.075.959)
Doubtful receivables	**37.765.661**	44.370.411
Provision for doubtful receivables (-)	**(37.765.661)**	(44.370.411)
	352.967.997	449.253.640
	434.450.244	488.037.490

Effective interest rates used when calculating the reduced cost value for trade receivables are 24,58% (December 31, 2017: 15,28%) for TL, effective Libor for US Dollar and Euro.

The average maturity period for trade receivables is 95 days (December 31, 2017 – 121 days).

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

	2018	2017
As of January 1	**44.370.411**	50.662.329
Allowance no longer required	**(12.079.806)**	(8.425.103)
Current year collections	**(2.317.740)**	-
Current year provision expense	**7.792.796**	2.133.185
As of December 31	**37.765.661**	44.370.411

The aging analysis of trade receivables (included receivables from related parties) amount was overdue but not impaired as of December 31, 2018 and 2017 is as follows:

	Trade receivables that are overdue but not impaired					
	Total	**30 days overdue**	**30-60 days overdue**	**60-90 days overdue**	**90-180 days overdue**	**180 days overdue**
December 31, 2018	**44.799.507**	**8.139.359**	**7.961.346**	**2.896.706**	**5.352.241**	**20.449.855**
December 31, 2017	22.334.079	9.683.194	3.364.303	1.125.208	2.964.348	5.197.027

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

7. Trade receivables and payables (continued)

As the received collateral amounts meet the amount of uncollected receivables in the related Group as of December 31, 2018 and 2017, an additional provision in the accompanying consolidated financial statements is not reflected in these amounts.

As of December 31, 2018, there is a letter of guarantee amounting to TL 113.318.543 and a note of guarantee amounting to TL 10.720.606 and a mortgage amounting to TL 258.744.748 (Note 15). Explanations on the credit risk management of the Group are given in Note 30.

The details of trade payables of the Group are as follows:

	December 31, 2018	December 31, 2017
Trade payables to related parties (Note 29)	**16.706.885**	3.994.779
	16.706.885	3.994.779
Trade payables	**199.768.571**	114.543.150
Notes payable	**149.899.290**	97.576.354
Rediscount on trade payables (-)	**(3.190.449)**	(2.291.877)
	346.477.412	209.827.627
	363.184.297	213.822.406

Effective interest rates used when calculating the reduced cost value for trade payables are 24,58% (December 31, 2017: 15,28%) for TL, effective Libor and Euribor rates for US Dollar and Euro.

The average maturity of trade payables is 150 days (December 31, 2017: 91 days).

8. Other receivables and payables

The details of short term other receivables of the Group are as follows:

	December 31, 2018	December 31, 2017
Other receivables from related parties (Note 29)	**3.042.045**	2.257.750
Deposits and guarantees given	**751.736**	346.852
Due from personnel	**6.015**	8.006
Other receivables	**76.900**	66.317
	3.876.696	2.678.925

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

8. Other receivables and payables (continued)

The details of long term other receivables of the Group are as follows:

	December 31, 2018	December 31, 2017
Deposits and guarantees given	**1.403.407**	317.175
	1.403.407	317.175

The details of other payables of the Group are as follows:

	December 31, 2018	December 31, 2017
Other payables to related parties (Note 29)	**-**	41.232.359
Other payables	**21.458**	-
	21.458	41.232.359

9. Inventories

As of December 31, 2018 and 2017 the Group's inventories are as follows:

	December 31, 2018	December 31, 2017
Raw materials and supplies	**46.074.937**	34.817.505
Semi-finished goods	**19.431.694**	14.063.795
Finished goods	**37.763.651**	34.011.829
Merchandise	**38.273.186**	30.095.431
Provision for inventory impairment (-)	**(4.757.162)**	(4.081.147)
	136.786.306	108.907.413

The movements in the provision for impairment of inventories as of December 31, 2018 and 2017 are as follows:

	2018	2017
As of January 1	**4.081.147**	6.754.398
Increase / (decrease) in the period, net	**676.015**	(2.673.251)
As of December 31	**4.757.162**	4.081.147

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

10. Prepaid expenses

The details of short term and long term prepaid expenses of the Group are as follows:

	December 31, 2018	December 31, 2017
Short term prepaid expenses:		
Prepaid expenses for the following months	**2.948.893**	3.531.676
Advance given for stock purchases	**2.274.033**	718.901
	5.222.926	4.250.577

	December 31, 2018	December 31, 2017
Long term prepaid expenses:		
Advance given for the purchase of fixed assets	**5.350.977**	2.764.236
Prepaid expenses for the following years	**34.175**	22.337
	5.385.152	2.786.573

11. Current income tax assets

Current income tax assets of the Group are as follows:

	December 31, 2018	December 31, 2017
Prepaid taxes and funds (Note 27)	**3.726.041**	4.840.602
	3.726.041	4.840.602

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

12. Property, plant and equipment

The movement of property, plant and equipment and related accumulated depreciations as of December 31, 2018 is as follows:

	January 1, 2018	Additions	Transfers	Disposals	December 31, 2018
Cost or revalued amount					
Land	**108.654.488**	**-**	**-**	**-**	**108.654.488**
Land improvements	**4.251.793**	**2.595.738**	**-**	**-**	**6.847.531**
Buildings	**140.057.860**	**693.373**	**16.500**	**(164.431)**	**140.603.302**
Machinery and equipment	**228.716.430**	**30.143.405**	**2.150.653**	**(2.241.753)**	**258.768.735**
Vehicles	**671.531**	**154.979**	**-**	**(34.840)**	**791.670**
Furniture and fixtures	**15.786.245**	**1.245.536**	**-**	**(28.314)**	**17.003.467**
Construction in progress	**8.051.328**	**22.768.546**	**(2.167.153)**	**-**	**28.652.721**
Other tangible assets	**232.368**	**-**	**-**	**(232.368)**	**-**
	506.422.043	**57.601.577**	**-**	**(2.701.706)**	**561.321.914**
Less: Accumulated depreciation					
Land improvements	**(1.927.499)**	**(135.540)**	**-**	**-**	**(2.063.039)**
Buildings	**(10.420.858)**	**(4.743.726)**	**-**	**36.662**	**(15.127.922)**
Machinery and equipment	**(122.258.514)**	**(18.357.054)**	**-**	**1.881.791**	**(138.733.777)**
Vehicles	**(454.377)**	**(71.003)**	**-**	**34.840**	**(490.540)**
Furniture and fixtures	**(8.889.070)**	**(1.602.505)**	**-**	**6.313**	**(10.485.262)**
Other tangible assets	**(195.376)**	**-**	**-**	**195.376**	**-**
	(144.145.694)	**(24.909.828)**	**-**	**2.154.982**	**(166.900.540)**
Net book value	**362.276.349**				**394.421.374**

The movement of property, plant and equipment and related accumulated depreciations as of December 31, 2017 is as follows:

	January 1 2017	Additions	Disposals	Revaluation	December 31, 2017
Cost or revalued amount					
Land	77.746.838	-	-	30.907.650	108.654.488
Land improvements	3.702.036	632.100	(82.343)	-	4.251.793
Buildings	137.467.941	2.136.385	(222.846)	676.380	140.057.860
Machinery and equipment	216.740.692	31.650.776	(19.675.038)	-	228.716.430
Vehicles	669.569	99.112	(97.150)	-	671.531
Furniture and fixtures	12.086.182	3.959.058	(258.995)	-	15.786.245
Construction in progress	7.478.833	572.496	-	-	8.051.329
Other tangible assets	1.296.606	-	(1.064.238)	-	232.368
	457.188.697	39.049.927	(21.400.610)	31.584.030	506.422.044
Less : Accumulated depreciation					
Land improvements	(1.889.209)	(120.633)	82.343	-	(1.927.499)
Buildings	(6.982.495)	(3.639.396)	201.033	-	(10.420.858)
Machinery and equipment	(123.720.376)	(15.518.655)	16.980.516	-	(122.258.515)
Vehicles	(480.928)	(58.517)	85.068	-	(454.377)
Furniture and fixtures	(7.872.235)	(1.267.307)	250.472	-	(8.889.070)
Other tangible assets	(1.246.102)	(13.056)	1.063.782	-	(195.376)
	(142.191.345)	(20.617.564)	18.663.214	-	(144.145.695)
Net book values	314.997.352				362.276.349

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

12. Property, plant and equipment (continued)

The latest study of the Group's property, plant and equipment were revalued according to revaluation model by a valuation company licensed by the CMB in 2017. The valuation of the Group's lands and buildings is based on the relevant domestic market prices. The accumulated depreciation of the revalued buildings is netted from cost value and the net amount of the buildings were came to same level revalued amount. The valuation difference was accounted, after net of deferred tax, as an increase in "property, plant and equipment revaluation fund", which is included in under equity with through other comprehensive income. There are no mortgages or pledges on the revalued lands and buildings.

	December 31, 2018	December 31, 2017
Total amount of insurance on assets	**1.059.400.402**	836.605.087

There are no mortgages or pledges on the tangible assets of the Group.

13. Intangible assets

The movements in intangible assets and related accumulated amortization as of December 31, 2018 and 2017 are as follows:

	January 1, 2018	**Additions**	**Disposals**	**December 31, 2018**
Cost				
License	**859.735**	**17.734**	**-**	**877.469**
Trademark	**3.987.406**	**-**	**-**	**3.987.406**
Industrial design	**71.645**	**-**	**-**	**71.645**
Dealer list	**2.274.223**	**-**	**-**	**2.274.223**
Rights and other	**918.522**	**-**	**(95.500)**	**823.022**
	8.111.531	**17.734**	**(95.500)**	**8.033.765**
Accumulated amortization (-)				
Industrial design	**(71.645)**	**-**	**-**	**(71.645)**
Dealer list	**(1.364.534)**	**(108.377)**	**-**	**(1.472.911)**
Rights and other	**(911.999)**	**(32.269)**	**39.300**	**(904.968)**
	(2.348.178)	**(140.646)**	**39.300**	**(2.449.524)**
Net book value	**5.763.353**			**5.584.241**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

13. Intangible assets (continued)

	January 1, 2017	Additions	Disposals	December 31, 2017
Cost				
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	1.832.079	54.682	(968.239)	918.522
	9.025.088	54.682	(968.239)	8.111.531
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(1.250.823)	(113.711)	-	(1.364.534)
Rights and other	(1.761.501)	(92.459)	941.961	(911.999)
	(3.083.969)	(206.170)	941.961	(2.348.178)
Net book value	5.941.119			5.763.353

Goodwill

The detail of goodwill of the Group as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Winsa	**655.882**	655.882
Total	**655.882**	655.882

14. Provisions, contingent assets and liabilities

As of December 31, 2018 and 2017, the provisions for current liabilities are as follows:

	December 31, 2018	December 31, 2017
Provisions for litigation (*)	**4.215.208**	3.634.834
Provisions for warranty	**1.137.437**	1.262.282
Provisions for tax penalty (**)	**536.260**	536.260
Total	**5.888.905**	5.433.376

(*) As of December 31, 2018 and 2017, most of the provisions for litigation are related to labor receivables of workers who have been terminated from the factory located in Gebze because of the relocation of Pimas Company Headquarter.

(**) In accordance with tax inspection reports issued by the Ministry of Finance Revenue Administration within the scope of tax inspection for 2007, tax penalty notifications issued were communicated to the Parent Company within 2011. Accordingly, the Parent Company was imposed with principal tax and tax loss penalty communicated on 2 April 2012 amounting to a total of TL 3.605.914. The Parent Company initiated a tax case at Izmir 4th Tax Court against tax penalty on 30 April 2012. As a result of the first hearing held on 6 December 2012, a portion of TL 2.358.150 out of the tax penalties communicated to the Parent Company was reversed by the court.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

14. Provisions, contingent assets and liabilities (continued)

Provisions for warranty

	2018	2017
Opening balance	**1.262.282**	983.800
Current period provision expense, net	**(124.845)**	278.482
Closing balance	**1.137.437**	1.262.282

Provisions for litigation

	2018	2017
Opening balance	**3.634.834**	4.013.480
Current year provision/(cancellation), net	**580.374**	(378.646)
Closing balance	**4.215.208**	3.634.834

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

15. Commitments, guarantees, pledges and mortgages (GPM)

As of December 31,2018 and 2017, the details of guarantees/pledges/mortgages of the Group are as follows:

	December 31, 2018		December 31, 2017	
	TL equivalent	**Foreign currency**	TL equivalent	Foreign currency
Letters of guarantees received				
Euro	**301.400**	**50.000**	-	-
TL	**113.017.143**	**113.017.143**	86.681.046	86.681.046
Guarantee notes received				
Euro	**1.632.081**	**270.750**	135.465	30.000
TL	**9.088.525**	**9.088.525**	3.130.000	3.130.000
Mortgages received				
Euro	**871.908**	**144.643**	653.135	144.643
TL	**257.872.840**	**257.872.840**	245.870.840	245.870.840
Total guarantees and mortgages received (*)	**382.783.897**	**-**	336.470.486	
Guarantees given				
Euro	**-**	**-**	326.238	72.248
USD	**-**	**-**	65.396.033	17.337.690
TL	**8.753.984**	**8.753.984**	24.689.990	24.689.990
Total guarantees given	**8.753.984**		90.412.261	

(*)The guarantees (bank letter of guarantee) and mortgages (1st degree real estate mortgages) received represent the guarantees that are received from its customers in the context of credit risk management related to the company's commercial activities.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

15. Commitments, guarantees, pledges and mortgages (GPM) (continued)

As of December 31, 2018 and 2017, the Group's statements on its position related to guarantees / pledges / mortgages are as follows:

	December 31, 2018	December 31, 2017
A.Total amount of GPM's given in the name of its own legal personality	**8.753.984**	90.412.261
B.Total amount of GPM's given on behalf of fully consolidated companies	**-**	-
C.Total amount of GMP's given on behalf of third parties for ordinary course of business	**-**	-
D.Total amount of other GMP's given	**-**	-
Total	**8.753.984**	90.412.261

As of December 31, 2018 and December 31, 2017, the Company and its Subsidiaries have no guarantees, pledges or mortgages received from or given to its related parties. As of December 31, 2018, percentage of tether guarantees, pledges or mortgages given by the Company and its Subsidiaries to the Group's equity is 0% (December 31, 2017 – 0%).

The Company's export commitments are as follows:

The Company has received export commitments from Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye İş Bankası A.Ş.,QNB Finansbank A.Ş., Türk Ekonomi Bankası and Türkiye Garanti Bankası A.Ş. are as follows:

- Loan agreements amounting to TL 30.000.000 with a maturity of 18 months used in 2017 amounted to USD 7.878.151
- Loan agreements amounting to TL 20.000.000 with a maturity of 18 months used in 2018 amounted to USD 5.253.756
- Loan agreements amounting to TL 20.000.000 with a maturity of 24 months used in 2018 amounted to USD 5.246.727
- Loan agreements amounting to EUR 5.000.000 with a maturity of 24 months used in 2018 amounted to EUR 5.000.000
- Loan agreements amounting to EUR 5.000.000 with a maturity of 12 months used in 2018 amounted to EUR 5.000.000
- Loan agreements amounting to TL 25.000.000 with a maturity of 12 months used in 2018 amounted to EUR 3.672.096

The Group's operational leasing transactions are as follows:

Operational leasing of the Company and its Subsidiaries amounting to EUR 2.861.254, USD 7.828.098 and TL 9.453.690 (December 31, 2017 - EUR 10.229.935, USD 23.505.462 and TL 9.617.563), are related to car, forklift and warehouse rentals, and their maturity periods vary between 1 and 9 years.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

16. Deferred income

	December 31, 2018	December 31, 2017
Advances taken (*)	**79.157.200**	128.151.335
Total	**79.157.200**	128.151.335

(*) Advances taken consists of forward –looking checks and notes which are the Group has received for sales to its customers.

17. Employee benefit obligations and provisions

As of December 31, 2018 and 2017 the details of employee benefit obligations of the Group are as follow:

	December 31, 2018	December 31, 2017
Wages payable	**2.611.301**	1.743.908
Taxes and funds payable	**1.732.640**	1.270.832
Social security premiums payable	**1.004.119**	2.644.040
Total	**5.348.060**	5.658.780

As of December 31,2018 and 2017, the details of long term provisions for employee benefits of the Group are as follows:

	December 31, 2018	December 31, 2017
Provision for employee termination benefits	**11.121.404**	9.881.880
Provision for unused vacation	**1.797.424**	1.811.773
Total	**12.918.828**	11.693.653

Provision for employee termination benefits:

There is any retirement plan of the Group except the legal obligation as described below.

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, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 5.434,42 (December 31, 2017: TL 4.732,48) for each period of service as of December 31, 2018. This amount is limited to TL 6.017,60 effective from January 1, 2019.

The employee termination benefit legally is not subject to any funding requirement and there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

17. Employee benefit obligations and provisions (continued)

TAS 19 “Employee Benefits” requires actuarial valuation methods to be used to estimate the Group’s obligation under the defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2018	December 31, 2017
Interest rate (%)	**15,00**	11,00
Expected rate of increase in salaries (inflation rate) (%)	**15,00**	7,00
Discount rate (%)	**5,50**	3,74
Turnover rate to estimate the probability of retirement (%)	**96,67**	94,76

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The movement of the provision for employee termination benefits as December 31, 2018 and 2017 is as follows:

	2018	2017
Opening balance	**9.881.880**	4.772.881
Interest cost	**1.482.282**	501.153
Service cost	**1.596.713**	625.165
Actuarial loss / (gain) for the period	**239.449**	4.891.736
Payments made during the period	**(2.078.920)**	(909.055)
Closing balance	**11.121.404**	9.881.880

The movement of the provision for unused vacation for the period ended December 31, 2018 and 2017 is as follows:

	2018	2017
Opening balance	**1.811.773**	1.382.576
Current year provision/(cancellation), net	**(14.349)**	429.197
Closing balance	**1.797.424**	1.811.773

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

18. Other assets and liabilities

Other current assets

	December 31, 2018	December 31, 2017
Deferred VAT	**7.392.741**	1.736.074
Job advances	**819.052**	553.941
Other advances	**146.313**	768.238
Total	**8.358.106**	3.058.253

Other short term liabilities

	December 31, 2018	December 31, 2017
Taxes and funds payable	**5.637.907**	2.406.508
Provisions for expenses	**1.243.716**	609.765
Total	**6.881.623**	3.016.273

19. Equity

(a) Share capital

As of December 31, 2018 and 2017 the Group’s paid-in capital and shareholder structure are as follows:

	Amount	**Share (%)**
Deceuninck NV	77.641.840	95,88
Public owned	3.338.953	4,12
Paid-in share capital	**80.980.793**	**100**
Inflation adjustment	7.840.703	
Total	**88.821.496**	

The upper limit of registered share capital of the Group as of December 31, 2018 and December 31, 2017 is TL 120.000.000. As of December 31, 2018 and December 31, 2017, the historic value of the Group’s paid-in capital is TL 80.980.793 and the capital of the Group consists of 8.980.793.000 shares and the nominal value of the shares is equal to Kr 1 per share.

19 Equity (continued)

(b) Treasury shares

Treasury shares consist of the shares that the Group has bought back under the liquidity provision procedures carried out within the framework of CMB legislation. The Group's shares bought back are carried at quoted market prices at the date of the transaction in the Stock Exchange Istanbul; and that shares are accounted under the *"Treasury Shares"* , including those that exceed the nominal amounts of the redeemed shares.

(c) Restricted reserves

Restricted reserves comprise of general legal reserves and general legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code (TCC) as below:

i. *The first legal reserve* is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital.

ii. *The second legal reserve* is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital.

Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

(d) Other comprehensive income or expenses not to be reclassified to profit or loss

Revaluation fund of tangible assets

The Group has adopted revaluation model for land and buildings and applied in accordance with TAS 16. The amount of fund that correspond to depreciation of current period of the amount of the tangible assets that has been recognized in revaluation fund is annually transferred to retained earnings accordance with their economic useful lives. At the disposal of revalued land or building, the amount that had been previously recognized in revaluation fund is directly recognized in retained earnings.

Actuarial gain / (loss) funds provisions for employee termination benefits

The amendment in TAS 19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted in the statement of profit or loss. The gain and loss arising from the changes in the actuarial assumption are accounted for by "Funds for actuarial gain/loss on employee termination benefits" under the equity accounts. The funds for actuarial gain / (loss) arising from employee termination benefits is other comprehensive income/ (loss) not to be reclassified under profit or loss in subsequent periods.

(e) Other comprehensive income or expenses to be reclassified to profit or loss

Foreign currency translation differences

It arises from exchange differences arising from the translation of consolidated financial statements of foreign subsidiaries of the Group to reporting currency of TL and accounted for under equity.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

19 Equity (continued)

(f) Retained earnings

Dividends distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law". Principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB it is stipulated that companies which have the obligation to prepare consolidated financial statements. calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their date of issue and acquisition.

The Group has decided to distribute a cash dividend of TL 24.835.000 (2017: TL 22.612.209) (dividend per gross share: TL 0.0031 (2017: TL 0.0028) at the Ordinary General Assembly Meeting held on 24 April 2018, all dividend payments have been completed within the year.

Reserves subject to dividend distribution

The Group 's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below.

	December 31, 2018	December 31, 2017
Net profit / (loss) for the period	**69.557.268**	41.870.561
Extraordinary reserves	**17**	17
Special funds	**16.132.119**	16.132.119
Retained earnings	**124.342.176**	109.661.369

(g) Non-controlling interest

Shares of third parties including the issued and paid-in capital of the subsidiaries in consolidation separately presented for as "Non-controlling Interests" in the consolidated financial statements reduction of related equity components. Shares of third parties in the net profit or loss for the subsidiaries in consolidation separately accounted for as non-controlling interests in the distribution period profit/ (loss) section of the consolidated statement of profit and loss.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

20. Sales and cost of sales

Details regarding to sales for the period ended December 31, 2018 and December 31, 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Domestic sales	**968.382.863**	768.877.380
Export sales	**137.459.835**	141.444.393
Total	**1.105.842.698**	910.321.773

Details regarding to cost of sales for the period ended December 31, 2018 and December 31, 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Direct raw materials, semi-finished goods and supplies cost	**543.239.842**	470.765.708
Direct labor cost	**10.492.172**	8.937.579
Depreciation and amortization cost	**20.669.719**	16.641.554
Other production cost	**84.457.917**	78.959.629
Total cost of production	**658.859.650**	575.304.470
Change in semi-finished good	**(5.367.899)**	(7.462.871)
Beginning of the period	**14.063.795**	6.600.924
End of the period	**(19.431.694)**	(14.063.795)
Change in finished good	**(3.751.822)**	470.954
Beginning of the period	**34.011.829**	34.482.783
End of the period	**(37.763.651)**	(34.011.829)
Change in trade goods	**104.814.512**	99.621.319
Beginning of the period	**30.095.431**	28.074.620
Purchases	**112.992.267**	101.642.130
End of the period	**(38.273.186)**	(30.095.431)
Total	**754.554.441**	667.933.872

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

21. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses

The details of research and development expenses, marketing, selling an distribution expenses and general administrative expenses for the period ended December 31, 2018 and December 31, 2017 are as follows:

Research and development expenses:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Personnel expenses	**1.629.987**	1.379.638
Other	**147.355**	66.245
Total	**1.777.342**	1.445.883

Marketing, selling and distribution expenses:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Personnel expenses	**44.870.848**	39.356.682
Customs and transportation expenses	**26.858.630**	25.205.786
Rent expenses	**15.229.352**	12.004.903
Advertisement expenses	**12.013.694**	7.639.390
Dealer promotion and meeting expenses	**7.611.183**	7.823.279
Exposition, exhibition and showroom expenses	**3.829.559**	2.284.685
Depreciation and amortizations expenses	**2.960.832**	3.073.595
Other	**8.058.673**	8.065.794
Total	**121.432.771**	105.454.114

General administrative expenses:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Consultancy expenses	**26.927.829**	12.648.261
Personnel expenses	**15.325.631**	13.375.488
Taxes, duties and charges	**1.911.315**	1.478.399
Depreciation and amortization expenses	**1.272.568**	1.108.585
Insurance expenses	**850.261**	946.045
Communication expense	**433.576**	574.475
Other	**5.974.221**	5.750.821
Total	**52.695.401**	35.882.074

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

22. Other operating income / expenses

Other operating income

	January 1 - December 31, 2018	January 1 - December 31, 2017
Foreign exchange gains	**68.914.067**	27.676.081
Derivative transaction income	**41.484.720**	21.870.081
Interest income	**12.917.059**	11.312.118
Allowance for doubtful receivables, net	**6.604.750**	6.291.918
Scrap sales	**1.825.207**	4.815.209
Fair value measurement gains on derivative instruments	**822.088**	-
Other income	**9.386.544**	2.648.270
Total	**141.954.435**	74.613.677

Other operating expenses

	January 1 - December 31, 2018	January 1 - December 31, 2017
Foreign exchange losses	**84.041.501**	32.770.974
Derivative transaction expenses	**17.086.953**	20.490.874
Fair value measurement losses on derivative instruments	**1.701.576**	3.283.177
Interest expense	**48.808**	4.538.397
Other expenses	**192.123**	3.210.047
Total	**103.070.961**	64.293.469

23. Income / loss from investment activities

Income from investment activities

	January 1 - December 31, 2018	January 1 - December 31, 2017
Interest income	**11.198.815**	3.592.182
Gain from sale of fixed assets	**1.671.687**	5.473.904
Total	**12.870.502**	9.066.086

Loss from investment activities

	January 1 - December 31, 2018	January 1 - December 31, 2017
Losses from sale of fixed assets	**257.297**	2.523.484
Total	**257.297**	2.523.484

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

24. Expenses by nature

Depreciation and amortization expenses

	January 1- December 31, 2018	January 1 - December 31, 2017
Cost of production	**20.669.719**	16.641.554
Selling, marketing and distribution expenses	**2.960.832**	3.073.045
General administrative expenses	**1.272.568**	1.108.585
Research and development expenses	**147.355**	550
Total	**25.050.474**	20.823.734

	January 1 - December 31, 2018	January 1 - December 31, 2017
Depreciation of tangible assets (Note 12)	**24.909.828**	20.617.564
Amortization of intangible assets (Note 13)	**140.646**	206.170
Total	**25.050.474**	20.823.734

Employee benefits

	January 1 - December 31, 2018	January 1 - December 31, 2017
Wages and salaries	**83.030.932**	74.371.149
Social security premium expenses – employer's share	**8.041.980**	6.582.438
Provision for termination indemnity and unused vacation, net	**870.870**	646.456
Other	**23.066.317**	20.580.482
Total	**115.010.099**	102.180.525

25. Financial income / expenses

The Group's financial income and expenses are as follows:

Financial income

	January 1 - December 31, 2018	January 1 - December 31, 2017
Derivative transaction income	**51.501.034**	7.918.489
Foreign exchange gains	**12.884.416**	9.383.519
Other	**1.677**	825.876
Total	**64.387.127**	18.127.884

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

25. Financial income / expenses (continued)

Financial expenses

	January 1 - December 31, 2018	January 1 - December 31, 2017
Foreign exchange losses	**45.512.500**	30.260.822
Derivative transaction expenses	**51.377.063**	3.431.348
Interest expense	**33.521.468**	22.865.534
Bank and commission expenses	**17.981.058**	3.126.002
Fair value measurement losses on derivative instruments	**13.882.939**	691.026
Interest cost of termination indemnity	**1.482.282**	501.153
Other	**781.518**	622.360
Total	**164.538.828**	61.498.245

26. Assets classified as held for sale

As of December 31, 2018 and 2017, assets classified as held for sale are as follow:

	2018	2017
Opening balance	**2.785.774**	1.478.707
Additions within the period	**1.238.220**	7.598.951
Disposals within the period (-)	**(597.128)**	(6.291.884)
Closing balance	**3.426.866**	2.785.774

As of December 31, 2018 and 2017, non-current assets held for sale are lands, stores and buildings that are taken from customers on account of receivables that are turned into doubtful receivables. The aim of the Group management is to dispose of the real estates in a short period of time.

27. Tax assets and liabilities

a) Corporate tax

The Company and its subsidiaries, associates and joint ventures established in Turkey and other countries in scope of consolidation that are subject to taxation in accordance with the tax procedures and the legislation effective in force in the countries where they are operating.

In accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the Companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

27. Tax assets and liabilities (continued)

The tax legislation provides for a temporary tax of 22% to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of December 31, 2018 and December 31, 2017, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements.

As of December 31, 2018 and 2017 payable tax liabilities netted off with prepaid taxes are shown below:

	December 31, 2018	December 31, 2017
Current corporate tax expense	**9.169.992**	-
Taxes prepaid during the period (-)	**(12.896.033)**	(4.840.602)
Corporate taxes payable (prepaid taxes)	**(3.726.041)**	(4.840.602)

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

27. Tax assets and liabilities (continued)

The reconciliation as of December 31, 2018 and 2017 corporation tax expense included in the consolidated statement of income to the tax expense calculated with the current tax rate on the consolidated income before taxes is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Profit before tax provision	**126.679.831**	73.098.279
Corporation tax expense of 22% (20% for 2017 tax period)	**(27.869.563)**	(14.619.656)
Non deductible expenses	**(761.985)**	(734.102)
The effect of exceptional income from corporation tax	**421.875**	663.948
Current year tax losses not subject to deferred tax and non-taxable adjustment effect	**(1.042.236)**	2.084.471
The effect of the change in the amount of investment used within the scope of the corporate tax allowance and investment incentive	**-**	530.877
Investment incentive exception effect under article KVK 32/A	**7.894.142**	-
The effect of changes in corporate tax rate and tax exemption, net	**-**	5.320.201
The effect of other adjusting items	**679.397**	511.328
Current period total tax expenses	**(20.678.370)**	(6.242.933)

b) Deferred tax and liabilities

	Deferred tax assets / (liabilities)	
	December 31, 2018	December 31, 2017
Effect of investment incentives (*)	**10.447.199**	13.377.877
Tax losses	**-**	2.084.471
Provisions for employee termination benefits	**2.188.137**	1.976.376
Turnover premium and the effect of other adjustments	**(2.677.628)**	(1.103.705)
Provisions for doubtful receivables	**2.704.051**	1.960.376
Provisions for litigation and guarantee	**927.346**	726.967
Rediscount of receivables / (payables), net	**66.382**	647.077
Provisions for unused vacation	**371.331**	362.355
Effect of consolidation elimination adjustments	**1.037.523**	538.615
Property, plant and equipment and intangible assets	**(23.232.277)**	(23.317.945)
Other temporary differences	**(2.760.435)**	3.279.653
Deferred tax assets / (liabilities), net	**(10.928.371)**	532.117

(*) The Company was granted an investment incentive certificate for Menemen facility investments amounting to TL 174 million in October 2015 within the scope of the decree of the Council of Ministers about State Aids in Investment which are regulating investment incentives. Investment incomes of 127 million TL have been made within the scope of this incentive, which has a contribution rate of 20%. In accordance with the related investment incentive, the Company has limited its investment incentive advantage to the amount of advantages it intends to achieve over 3 years that it set as the foreseeable future and as of December 31, 2018 the Company has recognized deferred tax asset amounting to TL 10.447.199 (December 31, 2017: TL 13.377.877).

In 2017, the Company has received an additional 193 million TL Investment Incentive Certificate.In this incentive, which has an investment contribution rate of 35%, approximately 27 million TL investment expenditure has been made and all the advantages obtained by this expenditure have been used in the current period tax.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

27. Tax assets and liabilities (continued)

Deferred tax assets and liabilities recognized in statement of financial position is as follows:

	December 31, 2018	December 31, 2017
Deferred tax asset	**-**	532.117
Deferred tax liability	**(10.928.371)**	-
Deferred tax assets / (liability), net	**(10.928.371)**	532.117

The movement of the net deferred tax assets / (liabilities) for the period ended December 31, 2018 and December 31, 2017 is as follows:

	2018	2017
As of January 1	**532.117**	6.844.576
Recognized in statement of profit or loss	**(11.508.378)**	(5.613.368)
Recognized in other comprehensive income / (expenses)	**47.890**	(702.311)
Effect of currency translation differences	**-**	3.220
As of December 31	**(10.928.371)**	532.117

28. Earnings per share

The calculation of earnings per share is based on net profit attributable to equity holders of the parent divided by weighted average number of ordinary shares outstanding during the period. As of December 31, 2018 and as of December 31, 2017, Group's earnings per share are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Profit/(loss) for the period	**106.049.351**	67.143.208
Weighted average number of ordinary shares at the beginning of the period(*)	**8.098.079.300**	7.960.000.000
Weighted average number of ordinary shares at the end of period (*)	**8.098.079.300**	8.098.079.300
Earnings per share (TL)	**0,0131**	0,0083

(*) The Group made an application to the CMB on December 26, 2017 because of the merger in order to increase the Company's capital from TL 79.600.000 (seventy-nine million six hundred thousand) to TL 80.980.793 (eighty nine million nine hundred thousand nine hundred and ninety-three) and was registered on December 28, 2017. It is in the nature of bonus capital increase; bonus shares are considered as issued shares, while earning / (loss) per share is calculated. Therefore, the weighted average number of shares used in the calculation of earnings / (loss) per share is obtained retrospectively from the perspective of bonus shares.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

29. Related party disclosures

i. Trade receivables from related parties are as follows:

	December 31, 2018	December 31, 2017
Deceuninck Group companies	**76.455.567**	37.358.630
Deceuninck (main partner)	**5.026.680**	1.425.220
Total (Note 7)	**81.482.247**	38.783.850

ii. Other short term receivables from related parties are as follows:

	December 31, 2018	December 31, 2017
Deceuninck Group companies	**3.042.045**	2.257.750
Total	**3.042.045**	2.257.750

iii. Other short term liabilities to related parties are as follows:

	December 31, 2018	December 31, 2017
Deceuninck (main partner) (*)	**-**	41.232.359
Total	**-**	41.232.359

(*) Short term payables to related parties refers to 10 equal installments over 1 year maturity for the purchase of Pimas from Deceuninck NV.

iv. Trade payables to related parties are as follows:

	December 31, 2018	December 31, 2017
Deceuninck Group companies	**9.731.512**	1.290.546
Deceuninck (main partner)	**6.975.373**	2.704.233
Total (Note 7)	**16.706.885**	3.994.779

v. The purchases of goods and services received from related parties for the period ended December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31,2017
Deceuninck (main partner)	**7.153.158**	6.282.009
Deceuninck Group companies	**2.729.294**	1.706.334
Total	**9.882.452**	7.988.343

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

29. Related party disclosures (continued)

vi. Sales to related parties for the period ended December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Deceuninck Group companies	**60.127.445**	36.496.408
Deceuninck (main partner)	**3.343.286**	3.212.932
Total	**63.470.731**	39.709.340

vii. Fixed asset purchases received from related parties for the period ended December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Deceuninck (main partner)	**869.361**	1.846.364
Deceuninck Group companies	**726.182**	300.361
Total	**1.595.543**	2.146.725

viii. Other purchases received from related parties for the period ended December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31,2017
Deceuninck (main partner) (*)	**24.342.098**	11.259.779
Deceuninck Group companies	**3.502.145**	2.246.874
Total	**27.844.243**	13.506.653

(*) As of December 31, 2018 this amount consists of management service cost amounting to TL 11.395.925 (December 31, 2017: TL 9.288.020) and information technology system service cost amounting to TL 12.946.173 (December 31, 2017: TL 1.971.759).

Transactions with other Deceuninck subsidiaries consist of other miscellaneous expenses.

viii. As of December 31, 2018, total amount of compensation benefits paid to the Chairman and the members of the Board of Directors, general manager, general coordinator and deputy general managers, is TL 7.711634 (December 31, 2017: TL 7.638.927).

30. Nature and level of risks derived from financial instruments

The Group is exposed to variety of financial risks including the effects of changes in debt and equity market prices due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Some of the basic financial instruments of the Group are bank borrowings, cash, and short and long term bank deposits. The main purpose in using these instruments is to finance the Group operations. Furthermore, the Group has financial instruments like trade receivables and trade payables which are directly related to operations.

The Group Management manages these risks in the manner stated below, and monitors the market risks that may arise upon utilization of financial instruments.

i. Price risk

Price risk is a combination of foreign exchange, interest, and market risks. The Group's receivables and payables and interest bearing assets and liabilities cover and compensate each other provided that they are of the same currency; hence, the price risk is managed automatically. Market risk is monitored by the Group via market analyses and relevant valuation methods.

ii. Interest rate risk

The Group does not have significant interest-sensitive assets. The Group's income and cash flows from its operations are mostly independent of the market interest fluctuations.

As of December 31, 2018 and 2017, the Group is not exposed to interest rate risk due to the fact that the Group has no floating interest rate assets and liabilities.

The Group's interest rate risk arises from short and long term borrowings. The interest rates to be applied in the future periods will affect the loans to be received for the continuation of the Group's operations in the subsequent period.

iii. Liquidity risk

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

The following table details the Group’s expected maturity for its trade and financial liabilities as of December 31, 2018 and 2017:

December 31, 2018 **Expected or contractual terms**	**Carrying value**	**Total cash outflow in accordance with contracts (=I+II+III+IV)**	**Less than 3 months (I)**	**3 – 12 months (II)**	**1 – 5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities						
Bank loans	**349.329.827**	**378.714.778**	**8.545.220**	**219.065.987**	**144.984.779**	**6.118.792**
Notes payables	**148.339.430**	**149.899.290**	**79.056.096**	**70.843.194**	**-**	**-**
Trade payables	**199.768.571**	**204.260.006**	**139.961.375**	**64.298.631**	**-**	**-**
Derivative financial liabilities	**14.762.427**	**14.762.427**	**14.239.346**	**523.081**	**-**	**-**

December 31, 2017 Expected or contractual terms	Carrying value	Total cash outflow in accordance with contracts (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1 – 5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	277.795.355	301.502.899	55.223.132	100.710.044	140.952.346	4.617.377
Notes payables	96.483.866	97.576.354	45.138.843	52.278.114	159.397	-
Trade payables	113.343.761	114.543.150	91.422.942	23.120.208	-	-
Other payables to related parties	41.232.359	42.700.226	26.207.282	16.492.944	-	-
Derivative financial liabilities	3.974.203	3.974.203	3.974.203	-	-	-

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

iv. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees and advance received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis.

Trade receivables are evaluated based on the Group's policies and procedures and presented net in the consolidated financial statements after the provision for doubtful receivables is made.

The Group attempts to control credit risk by extending the range of its sales operations, avoiding unfavorable concentrations on persons or groups of a certain sector or region. The Group also receives guarantees from customers when it deems necessary.

As of December 31, 2018, the exposure of consolidated financial assets to credit risk is as follows:

December 31, 2018	Trade receivable (Note 7)	Trade receivables from related parties (Note 7)	Cheques at collection (Note 4)	Cash and bank (Note 4)
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (1)	**352.967.997**	**81.482.247**	**26.439.446**	**249.631.327**
- Secured portion of the maximum credit risk by guarantees	**147.926.244**	**-**	**26.439.446**	**-**
A. Net book value of financial assets that are neither overdue not impaired	**349.728.427**	**39.922.310**	**26.439.446**	**249.631.327**
- The part under guarantee with collaterals, etc.	**147.926.244**	**-**	**26.439.446**	**-**
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	**-**	**-**	**-**	**-**
- The part under guarantee with collaterals, etc.	**-**	**-**	**-**	**-**
C. Carrying value of financial assets that are overdue but not impaired	**3.239.570**	**41.559.937**	**-**	**-**
- The part under guarantee with collaterals, etc.	**-**	**-**	**-**	**-**
D. Net book value of impaired assets	**-**	**-**	**-**	**-**
- Overdue (gross carrying amount)	**28.467.094**	**-**	**-**	**-**
- Impairment (-)	**(28.467.094)**	**-**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**
- Not overdue (gross carrying amount)	**9.298.567**	**-**	**-**	**-**
- Impairment (-)	**(9.298.567)**	**-**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**
E. Off-balance sheet items with credit risk	**-**	**-**	**-**	**-**

(1) Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

iv. Credit risk (continued)

As of December 31, 2017, the exposure of consolidated financial assets to credit risk is as follows:

December 31, 2017	Trade receivables (Note 7)	Trade receivables from related parties (Note 7)	Cheques at collection (Note 4)	Cash and bank (Note 4)
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (1)	449.253.640	38.783.850	25.208.924	30.831.479
- Secured portion of the maximum credit risk by guarantees	160.722.120	-	25.208.924	-
A. Net book value of financial assets that are neither overdue not impaired	433.418.673	32.284.738	25.208.924	30.831.479
- The part under guarantee with collaterals, etc.	160.722.120	-	25.208.924	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	15.834.967	6.499.112	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross carrying amount)	34.275.503	-	-	-
- Impairment	(34.275.503)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross carrying amount)	10.094.908	-	-	-
- Impairment (-)	(10.094.908)	-	-	-
- Net value under guarantee	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-

(1) Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.

v. Foreign currency risk

The Group's foreign currencies primarily EUR and USD denominated assets and liabilities are exposed to exchange rate risk as a result of exchange rate fluctuations.

The Company and its Subsidiaries are also exposed to foreign exchange risk due to the transactions made. This foreign exchange risk arises from sales and purchases of goods and receiving bank loans denominated in currencies other than the Group's functional currency.

The Group monitors its foreign exchange risk by maintaining the balance between its foreign currency assets and liabilities and changing its pricing policy in line with the currency fluctuations, and also by analyzing its foreign currency position.

As of December 31, 2018 and December 31, 2017, the Group's net foreign currency position is as follows:

	December 31, 2018 (TL Amount)	December 31, 2017 (TL Amount)
A. Assets denominated in foreign currency	**215.947.996**	113.882.390
B. Liabilities denominated in foreign currency	**(457.703.894)**	(227.642.384)
Net foreign currency position (A+B)	**(241.755.898)**	(113.759.994)

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

As of December 31, 2018, the Group's foreign currency position is as follows:

		TL equivalent (functional currency)	USD	EUR	AUD
1.	Trade receivables	**129.592.533**	**5.703.031**	**14.895.169**	**2.647.161**
2a.	Monetary financial assets, (cash and banks included)	**79.817.702**	**1.632.045**	**11.816.801**	**-**
2b.	Non-monetary financial assets	**-**	**-**	**-**	**-**
3.	Other	**6.537.756**	**3.900**	**1.081.161**	
4.	**Current assets (1+2+3)**	**215.947.996**	**7.338.977**	**27.793.131**	**2.647.161**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**215.947.996**	**7.338.977**	**27.793.131**	**2.647.161**
10.	Trade payables	**(280.645.494)**	**(20.059.936)**	**(29.049.797)**	**-**
11.	Financial liabilities	**(58.690.392)**	**-**	**(9.736.296)**	**-**
12a.	Other monetary liabilities	**-**	**-**	**-**	**-**
12b.	Other non-monetary liabilities	**-**	**-**	**-**	**-**
13.	**Short term liabilities (10+11+12)**	**(339.335.886)**	**(20.059.936)**	**(38.786.093)**	
14.	Trade payables	**-**	**-**	**-**	**-**
15.	Financial liabilities	**(118.368.008)**	**-**	**(19.636.365)**	**-**
16a.	Other monetary liabilities	**-**	**-**	**-**	**-**
16b.	Other non-monetary liabilities	**-**	**-**	**-**	**-**
17.	**Long term liabilities (14+15+16)**	**(118.368.008)**	**-**	**(19.636.365)**	**-**
18.	**Total liabilities (13+17)**	**(457.703.894)**	**(20.059.936)**	**(58.422.458)**	**-**
19.	Net asset/(liability) position of off-balance sheet derivative instruments (19a - 19b)	**227.563.540**	**10.600.000**	**28.500.000**	**-**
19a.	Total amount of assets hedged	**-**	**-**	**-**	**-**
19b.	Total amount of liabilities hedged	**227.563.540**	**10.600.000**	**28.500.000**	**-**
20.	**Net foreign currency asset/(liability) position (9+18+19)**	**(14.192.358)**	**(2.120.959)**	**(2.129.327)**	**2.647.161**
21.	**Net foreign currency asset/(liability)position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**(248.293.654)**	**(12.724.859)**	**(31.710.488)**	**2.647.161**
22.	Fair value of derivative instruments used in foreign currency hedge	**227.563.540**	**10.600.000**	**28.500.000**	**-**
23.	Export (*)	**142.771.542**	**4.267.046**	**20.228.075**	**2.075.305**
24.	Import (*)	**387.836.118**	**30.028.231**	**42.821.012**	**-**

(*) Average rate of exchange is used.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

As of December 31, 2017, the Group's foreign currency position is as follows:

		TL equivalent (functional currency)	USD	EUR	AUD
1.	Trade receivables	100.902.057	3.233.995	18.044.538	2.458.359
2a.	Monetary financial assets, (cash and banks included)	10.276.647	1.824.707	751.641	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	2.703.686	5.040	594.547	-
4.	**Current assets (1+2+3)**	113.882.390	5.063.742	19.390.725	2.458.359
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets (5+6+7)**	-	-	-	-
9.	**Total assets (4+8)**	113.882.390	5.063.742	19.390.725	2.458.359
10.	Trade payables	(120.075.876)	(26.940.701)	(4.087.681)	(111)
11.	Financial liabilities	(20.951.018)	-	(4.639.800)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Short-term liabilities (10+11+12)**	(141.026.894)	(26.940.701)	(8.727.481)	(111)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(86.615.490)	-	(19.181.816)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Long term liabilities (14+15+16)**	(86.615.490)	-	(19.181.816)	-
18.	**Total liabilities (13+17)**	(227.642.384)	(26.940.701)	(27.909.297)	(111)
19.	Net asset/(liability) position of off-balance sheet derivative instruments (19a - 19b)	117.089.018	22.063.885	7.500.000	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	117.089.018	22.063.885	7.500.000	-
20.	**Net foreign currency asset/(liability) position (9+18+19)**	3.329.012	186.926	(1.018.574)	2.458.248
21.	**Net foreign currency asset/(liability)position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	(116.463.694)	(21.881.999)	(9.113.121)	2.458.470
22.	Fair value of derivative instruments used in foreign currency hedge	117.089.018	22.063.885	7.500.000	-
23.	Export (*)	107.578.288	4.087.436	22.255.339	1.442.957
24.	Import (*)	294.217.907	58.660.466	20.925.666	-

(*) Average rate of exchange is used.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

The Company and its Subsidiaries are exposed to foreign currency risk due to exchange rate fluctuations while translating to Turkish Lira the foreign currency payables and receivables arising from trade operations with foreign entities. Such risks are monitored and controlled by regular analysis of the foreign currency position. The Company and its Subsidiaries follow a policy of diversifying their foreign currency position in order to manage foreign currency risk that may arise from future trade operations and the related assets and liabilities recognized.

As of December 31, 2018 and December 31, 2017 the Group's profit before tax and shareholders' equity as presented by the amounts below in case of a consequently 10% increase or decrease in the foreign rates (especially USD, EUR and AUD), with all other variables held constant.

	December 31, 2018			
	Profit / Loss		**Equity**	
	Foreign currency appreciation	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
Change of USD against TL by 10%:				
1- USD net assets / liabilities	**(6.692.370)**	**6.692.370**	-	-
2- USD hedged from risks (-)	**5.576.554**	**(5.576.554)**	-	-
3- USD Net Effect (1+2)	**(1.115.816)**	**1.115.816**	-	-
Change of EUR against TL by 10%				
4- EUR net assets / liabilities	**(18.463.358)**	**18.463.358**	-	-
5- EUR hedged from risks (-)	**17.179.800**	**(17.179.800)**	-	-
6- EUR Net Effect (4+5)	**(1.283.558)**	**1.283.558**	-	-
Change of AUD against TL by 10%				
7- AUD net assets / liabilities	**980.138**	**(980.138)**	-	-
8- AUD hedged from risks (-)	**-**	**-**	-	-
9- AUD Net Effect (7+8)	**980.138**	**(980.138)**	-	-
Total (3+6+9+12)	**(1.419.236)**	**1.419.236**		

	December 31, 2017			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%:				
1- USD net assets / liabilities	(16.503.540)	16.503.540	-	-
2- USD hedged from risks (-)	16.644.554	(16.644.554)	-	-
3- USD Net Effect (1+2)	141.014	(141.014)	-	-
Change of EUR against TL by 10%				
4- EUR net assets / liabilities	(7.693.124)	7.693.124	-	-
5- EUR hedged from risks (-)	6.773.250	(6.773.250)	-	-
6- EUR Net Effect (4+5)	(919.874)	919.874	-	-
Change of AUD against TL by 10%				
7- AUD net assets / liabilities	1.444.664	(1.444.664)	-	-
8- AUD hedged from risks (-)	-	-	-	-
9- AUD Net Effect (7+8)	1.444.664	(1.444.664)	-	-
Total (3+6+9+12)	665.804	(665.804)	-	-

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

30. Nature and level of risks derived from financial instruments (continued)

vi. Capital risk management

The Groups objectives in managing the capital is to yield returns for shareholders and benefits for other shareholders, and maintain the Group's operability in order to sustain the most appropriate shareholding structure to reduce cost of capital.

The Group controls its capital using the net debt / total equity ratio in parallel with the other entities in the sector. This ratio is the calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position.

	December 31, 2018	December 31, 2017
Total liabilities	**848.420.996**	690.777.740
Less: Cash and cash equivalents (-) (Note 4)	**(276.072.429)**	(56.899.490)
Net liabilities (A)	**572.348.567**	633.878.250
Total equity (B)	**430.948.664**	353.012.233
Net liabilities / total equity ratio	**57%**	64%

31. Fair value of financial instruments

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.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The Group management assumes that the carrying values of financial instruments approximate their fair values.

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying value of trade receivables, after reduction and doubtful receivables are deducted, is considered to be approximate to their fair values.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

31. Fair value of financial instruments (continued)

Financial liabilities

The fair values of short-term trade payables and other monetary liabilities are considered to be approximate to their carrying values since they are short term. Bank loans are stated at discounted cost and the transaction costs are added onto the initial recording of loans. The fair values of bank borrowings are considered to approximate their respective carrying values. The carrying value of trade payables, after reduction are deducted, is considered to be approximate to their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instrument traded in markets (unadjusted).

Level 2: Other valuation techniques includes direct or indirect observable inputs.

Level 3: Valuation techniques does not contain observable market inputs.

Assets and liabilities measured at fair value as of December 31, 2018 are as follows:

	Level 1	**Level 2 (*)**	**Level 3**
Derivative financial assets	**-**	**-**	**-**
Derivative financial liabilities	**-**	**14.762.427**	**-**

Assets and liabilities measured at fair value as of December 31, 2017 are as follows:

	Level 1	Level 2 (*)	Level 3
Derivative financial assets	-	-	-
Derivative financial liabilities	-	3.974.203	-

(*) Fair value is measured taking as basis the market interest rates for the related currency effective in the remaining part of the contract.

32. Subsequent events

None.

33. Disclosure of other matters

Convenience translation to English:

As at December 31, 2018, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the CMB of Turkey.