

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDIT REPORT AS OF
JANUARY 1, 2015 AND DECEMBER 31, 2015**

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

**MOORE STEPHENS TURKEY
MBK INDEPENDENT AUDITING AND CPA CO.**

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

January 1, 2015-December 31, 2015 Financial Statements and Explanatory Notes

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Financial Statements and Independent Audit Report as of January 01, 2015 and December 31, 2015

**To the Board of Directors of
Ege Seramik Sanayi Ve Ticaret A.Ş.**

We have audited the accompanying financial position of Ege Seramik Sanayi ve Ticaret Anonim Şirketi (The Company), as at December 31, 2015 and the related financial statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and summary of significant accounting policies and explanatory notes.

Company's Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of financial statements in accordance with Turkey Accounting Standards which is issued by the Public Oversight Accounting and Auditing Standards Authority. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances..

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with financial reporting standards issued by the Capital Market Board (CMB) and in accordance with independent audit standards as part of Turkey Auditing Standards issued by Public Oversight Accounting and Auditing Authority. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ege Seramik Sanayi ve Ticaret A.Ş. as at December 31, 2015 and its financial performance and cash flows for the year ended in accordance with Turkish Financial Reporting Standards and Turkey Accounting Standards.

Reports On Independent Auditor's Responsibilities Arising From Other Regulatory Requirements

Prepared in accordance with the paragraph 4 of article numbered as 398 of 6102 numbered Turkish Commercial Code ("TCC"), Auditor's Report on Early Risk Detection System and Committee is presented to Board of Directors at February 26, 2016.

According to paragraph four of article numbered as 402 of TCC and financial reporting provisions at the articles of incorporation of the Company, there is not any important matter encountered regarding the system of book keeping and financial statements.

According to paragraph four of article numbered as 402 of TCC, Board of Directors made the required disclosures and provided the requested documentation within the framework of the audit.

İstanbul, February 26, 2016

**MOORE STEPHENS TÜRKİYE
MBK BAĞIMSIZ DENETİM VE SMMM A.Ş.**

MEHMET BURAK ONUR, CPA

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015
STATEMENT OF FINANCIAL POSITION
(Currency –TRY, unless otherwise indicated)

ASSETS	Notes	Current Period Audited December 31, 2015	Previous Period Audited December 31, 2014
Current Assets			
Cash and cash equivalents	53	14.642.180	17.508.608
Trade receivables	6-7	125.198.310	107.639.388
<i>Trade receivables from related parties</i>	6-7	22.267.075	16.684.387
<i>Trade receivables from third parties</i>	6-7	102.931.235	90.955.001
Other receivables	9	1.713.741	478.169
<i>Other receivables from related parties</i>	6	-	-
<i>Other receivables from third parties</i>	9	1.713.741	478.169
Inventories	10	65.054.555	54.713.552
Prepaid expenses	12	4.710.755	2.736.448
Other current assets	29	10.036.070	12.505.903
TOTAL CURRENT ASSETS		221.355.611	195.582.068
NON-CURRENT ASSETS			
Financial investments	4	4.045	4.045
Other receivables	9	91.380	53.073
<i>Other receivables from related parties</i>	6	-	-
<i>Other receivables from third parties</i>	9	91.380	53.073
Tangible fixed assets	14	123.368.969	81.464.409
Intangible fixed assets	17	1.205.362	1.003.049
Prepaid expenses	12	-	4.301.001
Deferred tax assets	40	18.331.336	9.411.885
TOTAL NON-CURRENT ASSETS		143.001.092	96.237.462
TOTAL ASSETS		364.356.703	291.819.530

The accompanying notes are an integral part of these financial statements

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015
STATEMENT OF FINANCIAL POSITION
(Currency –TRY, unless otherwise indicated)

		Current Period Audited	Previous Period Audited
LIABILITIES	Dipnot Referansı	December 31, 2015	December 31, 2014
Short term liabilities			
Short term financial liabilities	8	4.193.760	-
Trade payables	6-7	59.441.675	38.098.011
<i>Trade payables to related parties</i>	6-7	-	-
<i>Trade payables to third parties</i>	6-7	59.441.675	38.098.011
Employee benefit obligations	27	4.241.217	3.754.822
Other payables	6-9	1.177.492	2.108.882
<i>Other payables to related parties</i>	6-9	50.136	39.340
<i>Other payables to third parties</i>	9	1.127.356	2.069.542
Deferred income	12	30.592.271	29.831.192
Provisions for corporate taxes	25	2.186.789	1.738.407
Short term provisions	25	2.059.749	1.980.699
<i>Provisions for short term employee benefit obligations</i>		-	-
<i>Other short term provisions</i>	25	2.059.749	1.980.699
Other short term liabilities	29	10.175.438	12.436.827
TOTAL SHORT TERM LIABILITIES		114.068.391	89.948.840
LONG TERM LIABILITIES			
Long term financial liabilities	8	1.752.620	-
Trade payables	7	15.955.972	-
<i>Trade payables to related parties</i>	6	-	-
<i>Trade payables to third parties</i>	7	15.955.972	-
Long term provisions		18.546.015	15.948.195
<i>Provisions for short term employee benefit obligations</i>	27	18.546.015	15.948.195
TOTAL LONG TERM LIABILITIES		36.254.607	15.948.195
EQUITY			
Equity of main company		214.033.705	185.922.495
Paid in share capital	30	75.000.000	75.000.000
Differences of capital adjustment	30	24.778.008	24.778.008
Premiums and discounts for shares	30	35.838.595	35.838.595
Reclassification to Profit or Loss Accumulated Other Comprehensive			
Income or Expenses	30	2.898.530	1.362.868
<i>Actuarial Gain/Loss Fund</i>	30	2.898.530	1.362.868
Restricted Reserves from Profit	30	13.252.239	9.188.011
Retained Earnings	30	11.388.460	1.435.752
Net Profit /(Loss) for the Period	41	50.877.873	38.319.261
TOTAL EQUITY		214.033.705	185.922.495
TOTAL LIABILITIES		364.356.703	291.819.530

The accompanying notes are an integral part of these financial statements

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015
COMPREHENSIVE INCOME STATEMENT
(Currency –TRY, unless otherwise indicated)

		Current Period Audited	Previous Period Audited
PROFIT AND LOSS	Note	01.01-31.12.2015	01.01-31.12.2014
Sales, net	31	324.890.990	280.681.471
Cost of sales (-)	31	(224.883.601)	(196.324.066)
Gross profit from trading activities		100.007.389	84.357.405
Gross Profit/(loss)		100.007.389	84.357.405
General administration expenses (-)	33	(21.214.812)	(17.160.539)
Marketing expenses (-)	33	(19.391.255)	(17.937.522)
Research and development expenses (-)	33	(2.599.531)	(2.193.200)
Other operational income	34	19.005.223	20.810.522
Other operational expenses	34	(20.664.679)	(20.404.687)
Operational income/(loss)		55.142.335	47.471.979
Income from investment activities	35	974.013	1.132.906
Expenses from investment activities(-)	35	(3.924.322)	(325.106)
Operational income/(loss) before financial income/(expenses)		52.192.026	48.279.779
Financial income	37	397.166	674.666
Financial expenses(-)	37	(1.298.920)	(820.426)
Profit / (Loss) from continuing operations		51.290.272	48.134.019
Continuing operations tax income/(expenses)		(412.399)	(9.814.758)
Period Tax Expense / Income	40	(9.715.766)	(10.020.152)
Deferred Tax Expense / Income	40	9.303.367	205.394
Period profit / (Loss) from continuing operations		50.877.873	38.319.261
Current profit / (loss) from discontinued operations			
Period profit/(loss)		50.877.873	38.319.261
Other comprehensive income/(loss)			
Not to classified in profit / (loss)			
Calculated Actuarial Gains and Losses on the basis of Employee	38	1.919.578	834.482
Tax Effect	40	(383.916)	(166.896)
Other comprehensive income / (loss) (After tax)		1.535.662	667.586
Total Comprehensive Income		52.413.535	38.986.847
Earning Per Share		0,006784	0,005109
Earnings per share from continuing operations	41	0,006784	0,005109

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015
STATEMENT OF CHANGES IN EQUITY
(Currency –TRY, unless otherwise indicated)

		Differences off				Restricted Reserves	Actuarial Profit/(loss)	Minority Interest	Accumulated Gains/(losses)	Total Equity
		Capital	Capital Adjustment	Share Premiums	Capital					
Balances as of January 01, 2014	Not	75.000.000	24.778.008	35.838.595	6.009.652	695.282	-	27.117.334	169.438.871	
Other comprehensive income/(loss)	30	-	-	-	-	667.586	-	-	667.586	
Net income / (loss) for the period		-	-	-	-	-	-	38.319.261	38.319.261	
Dividend	30	-	-	-	-	-	-	(22.503.223)	(22.503.223)	
Transfer	30	-	-	-	3.178.359	-	-	(3.178.359)	-	
Balances as of December 31, 2014		75.000.000	24.778.008	35.838.595	9.188.011	1.362.868	-	39.755.013	185.922.495	
Balances as of January 01, 2015	Not	75.000.000	24.778.008	35.838.595	9.188.011	1.362.868	-	39.755.013	185.922.495	
Diğer Kapsamlı gelir/(gider)	30	-	-	-	-	1.535.662	-	-	1.535.662	
Net dönem karı/(zararı)		-	-	-	-	-	-	50.877.873	50.877.873	
Temettü	30	-	-	-	-	-	-	(24.302.324)	(24.302.324)	
Transfer	30	-	-	-	4.064.228	-	-	(4.064.228)	-	
Balances as of December 31, 2015		75.000.000	24.778.008	35.838.595	13.252.239	2.898.530	-	62.266.333	214.033.705	

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015
CASH FLOW STATEMENT
(Currency –TRY, unless otherwise indicated)

		Current Period	Previous Period
		Audited	Audited
	Notes	December 31, 2015	December 31, 2014
A. CASH FLOW FROM OPERATIONS		70.630.644	29.993.200
Period profit/(loss)		50.877.873	38.319.261
Adjustments Related to Net Profit / (Loss) For the Period		18.245.731	28.933.325
Adjustments Related To Amortization And Depreciations	14-17	11.040.678	9.828.763
Adjustments Related To Impairment / Reversal			
- Provision for impairment on inventories	10	(4.702)	(25.132)
Adjustments Related to Provisions			
- Provisions for termination indemnity	27	2.209.161	1.774.377
- Provision for taxes	40	9.715.766	10.020.152
- Provision for employee permissions	27	388.660	38.474
- Provisions for lawsuits, net	25	79.050	773.390
- Provisions for other employee benefits	25	-	-
- Provisions for doubtful receivables	7	(1.125)	1.666.850
- Provisions for guarantees	25	-	-
- Provisions for interest on sales	31	738.577	448.469
- Provisions for interest on purchases	10	(293.540)	(198.086)
- Rediscount on notes payable	7	(217.318)	(160.982)
- Rediscount on notes receivables	7	2.820.982	1.792.745
Adjustments Related to Interest Income / (Loss)			
- Interest Income / Loss of Income Accruals	29	154.335	121.428
- Expense Accruals (Interest and Other)	29	293.702	52.351
Adjustment Related to Tax Income / (Loss)	40	(8.919.451)	(38.498)
Adjustment Related To Gain / (Loss) Arising From Disposal of Fixed Assets	14	240.956	2.839.024
Actual Changes in Business Capital		1.507.040	(37.259.386)
Adjustments of Inventory Increases/Decreases	10	(10.336.301)	(4.210.767)
Adjustments Related to Trade Receivables Increases / Decreases	7	(20.378.780)	(12.111.345)
Change in Other Receivables	9	(1.273.879)	341.406
Change in Other Assets	29	2.609.038	(6.049.555)
Change in Trade Payables	7	39.269.574	(11.123.161)
Change in Prepaid Expenses	12	2.326.694	(5.148.929)
Change in Liabilities Related to Employee Benefits	27	486.395	375.643
Change in Other Payables	9	(931.390)	959.115
Provisions for Employee Benefits	27	-	(20.266)
Income Taxes And Liabilities for The Period	25-40	(9.267.384)	(10.880.358)
Change in Deferred Incomes	12	(271.200)	3.466.803
Change in Other Liabilities	29	(2.261.389)	6.474.443
Actuarial Gains / (Losses)	30	1.535.662	667.586
Cash Flows From Operating Activities		70.630.644	29.993.200
B. CASH FLOWS FROM INVESTING ACTIVITIES		(53.388.507)	(5.947.213)
Change in Tangible Fixed Assets	14	(52.921.661)	(5.457.958)
Change in Intangible Fixed Assets	17	(466.846)	(489.255)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		(20.108.564)	(22.503.223)
Dividend payments	30	(24.302.324)	(22.503.223)
Cash from financial liabilities	8	4.193.760	-
BEFORE THE EFFECT OR FOREIGN CURRENCY TRANSLATION DIFFERENCES		(2.866.428)	1.542.764
D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
INCREASE / DECREASE ON CASH AND CASH EQUIVALENTS		(2.866.428)	1.542.764
PERIOD		17.508.608	15.965.844
CASH AND CASH EQUIVALENT FOR THE END OF PERIOD		14.642.180	17.508.608

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

1. ORGANIZATION AND THE CORE BUSINESS OF THE COMPANY

Ege Seramik Sanayi ve Ticaret A.Ş.'s ("Company") field of activity is producing floor and wall tile and selling these products in domestic, abroad market. The Company is established on September in 1972 and it is a subsidiary Company of Ibrahim Polat Holding A.Ş., which is located in Istanbul with its headquarter.

Company is registered at Capital Market Board (CMB) and its shares effect transactions in Borsa Istanbul A.Ş (BIST) since 1993. As of December 31, 2015 it has 33, 85% of its shares registered in BIST.

As of January 01, 2009 the Company makes sales and distribution of its products in domestic market itself and major part of sales and distribution of its products in abroad with intervention of its group companies which are Ege Seramik İç ve Dış Ticaret A.Ş. and Ege Seramik America INC.

As of December 31, 2015 and December 31, 2014, share capital and ownership structure is as follows;

Shareholders	December 31, 2015		December 31, 2014	
	Pay Tutarı	Pay Oranı	Pay Tutarı	Pay Oranı
İbrahim Polat Holding A.Ş.	45.686.919	60,92%	45.686.919	60,92%
İbrahim Polat	2.909.876	3,88%	2.367.117	3,16%
Adnan Polat	779.878	1,04%	779.878	1,04%
Murat Polat	779.877	1,04%	779.877	1,04%
Diğer	24.843.450	33,12%	25.386.209	33,85%
	75.000.000	100%	75.000.000	100%

As of December 31, 2014, in Company's structure there are 180 white-collar personnel employed (December 31, 2014: 169), 952 blue-collar personnel employed (December 31, 2014: 897) and 1.132 personnel employed in total (December 31, 2014: 1.066).

Company is registered in Turkey, address of the registered office is as follows:

Ankara Asfaltı 26.Km Ansızca Mevkii 35170 Kemalpaşa -İZMİR

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Principals of Presentation

The company maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Turkish Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. In contrast, the attached financial statements are prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") published Public Oversight Accounting and Auditing Standards Authority.

Financial reports and procedures and principles of preparation and presentation of those financial reports are described in Turkish Commercial Code numbered 6102 dated February 13, 2011.

With regards to above mentioned code, companies required to prepare financial reports according to Turkish Accounting and Financial reporting standards (TMS/TFRS).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

However, even if there are differences with the European Union adopted by the IAS / IFRS provisions of the International Accounting Standards Board ("IASB"), the IAS / IFRS will be applied until it is announced by and IAS Board ("IASB"). In this context, and are not contrary to the standards published by IASB Turkey Accounting / Financial Reporting Standards will prevail.

The financial statements except for the revaluation of certain fixed assets and financial instruments, prepared in accordance with historical cost basis. In determining the fair value of assets, generally the paid amount value is used for assets as a base.

2.2. Comparative Information's and Adjustments of Previous Financial Reports

Company has prepared the statement of financial position as of December 31, 2015 comparatively to the statement of financial position as of December 31, 2014; comprehensive income statement, cash flow statement for the period between January 1 – December 31, 2015 comparatively to comprehensive income statement and cash flow statement for the period between January 1 - December 31, 2014; changes in equity for the period between January 1 - December 31, 2015 comparatively changes in equity for the period between January 1 – December 31, 2015.

2.3. Important Accounting Estimations and Assumptions

The preparation of financial statements in conformity with TFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management's estimations and assumptions which may have effect on assets and liabilities are presented below.

2.4. Functional and Presentation Currency

Functional currency of the report is TRY and decimal parts of the amounts were rounded up.

The exchange rates published by The Central Bank of Republic of Turkey are as follow;

	31.12.2015	31.12.2014
USD/TRY	2,9076	2,3189
EUR/TRY	3,1776	2,8207
GBP/TRY	4,3007	3,5961

2.5. Base of consolidation

The Company does not have subsidiary to be consolidated.

2.6. New and Regulated Standards and Comments

Applied accounting policies while preparing consolidated financial statements for the period ended December 31, 2015 are consistent with previous years' interpretations except for new and amended standards are effective as of January 1, 2015 and the International Financial Reporting Interpretations Committee ("IFRIC") outlined in the following. These standards and interpretations are described in the paragraphs related effects on the Company's financial position and performance.

New standards, amendments and interpretations which are effective from January 1, 2015, are as follows:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

TAS 19 Defined Benefit Plans: Employee Contribution (Amended)

According to TAS 19, defined benefit plans are recognized, employee or a third party contributions must be considered. Amended, contribution amount is independent of the number of years of service, business of the said period of service contributions. Instead of spreading, was dropped from the service cost accounting can clarify in the years of delivering services. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Annual Improvements – 2010 – 2012 period;

IFRS 2 Share-based Payment

Definitions relating to vesting conditions are changed for performance condition and provision of services to resolve problems have been identified. The change will be applied prospectively.

IFRS 3 Business Combinations

Contingent consideration that is not classified as equity in combination of business, whether or not become the scope of IFRS 9, it is recognized in profit or loss measuring fair value in subsequent value. Changes will be applied prospectively for business combinations.

IFRS 8 Operating Segments

The changes are as follows: i) Operating Segments can be combined with the standards of the main principles in a manner consistent. ii) Confirmation letter of the total assets of the activities being, this confirmation letter must be disclosed if reported to the company's managers authorized to take decisions on activities. The change will be applied prospectively.

TRFS 13 Fair Value Measurement

This revision clarify that various short term receivables and payables can be measured without discounting with regards to changes in TFRS 9 and TMS 39

TAS 16 Tangible Assets

This revision clarify that, after revaluation of a fixed assets item, book value of assets will be revised according to revalued amount. Change in TMS 16 requires to gross carrying amount of the asset is to be adjusted to be the market value.

TAS 24 Related Party Disclosures

The Change, key management personnel of the service that the business manager required to related party disclosures explained that there is a related party. The change will be applied prospectively.

On the other hand, annual improvements to TFRS 9 and TMS 37 for 2010-2012 periods, lead up to changes related chapters of standards

Annual Improvements – 2011 – 2013 period;

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

TFRS 3- Mergers

This change clarifies that, joint agreement is excluded from joint agreements financial reports with regards to TFRS 3.

TFRS 13 Fair Value Measurement

This change clarifies scope of exemption described in paragraph 52.

TAS 40 Investment Property

TFRS 3 and TAS 40 have clarified the mutual relations between investment property and used by the owner of real estate.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

On July 2014, IAS 39 Financial Instruments : The project consists of impairment and hedge accounting phase which will replace the Recognition and Measurement classification and measurement issued a final in IFRS 9. IFRS 9 is based on a single classification and measurement approach business model in which they managed the financial assets and rational reflects the cash flow characteristics. Then, loan losses accounted for more timely manner to allow the subject to a future expected credit loss model for the impairment of accounting can be applied to all financial instruments established a single model. In addition, IFRS 9, banks and other businesses, financial debts in case they choose to measure the fair value option, due to a decrease in their credit worthiness decline in the fair value of financial liabilities in profit or loss that result in saving income called own credit risk tackles the problem. IFRS 9, these amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2018.

TFRS 11 Acquisition of Shares in Joint Operations (Amended)

TFRS 11, activities constitute a business partnership share in the joint operation has been amended to provide guidance related to the acquisition accounting. This amended, TFRS 3, as specified in the business merger activities that constitute a business acquiring businesses that share a common operating partnership, this is about except contrary with guidance, TFRS 3 and other TFRS's located in a business combination all principles related to accounting requires the application. In addition, acquirer, TFRS 3 and other related business combination

Requires TFRS's that the information should be explained. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2016.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amended)

The amended is about banned the use of depreciation calculation based on revenue for tangible fixed assets and banned the use of significantly restricted based on revenue for intangible fixed assets. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2016.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

TAS 16 Tangible Fixed Assets and IAS 41 Agricultural Operations: Carrier Plants (Amended)

The amended is about ‘Carrier Plants’ regarding the accounting. Post in change, the living entity class carrier plants such as grapevine, rubber tree or palm tree, After the maturation period given product over a period and not during the life of the product is stated to be kept by businesses. However Carrier Plants, after mature once they pass thought important bioconversion and also manufacture is similar functions, IAS 41 instead of IAS 16 should be accounted for within the scope of that reveal to change carrier and allows to appreciate ‘cost model’ or ‘revaluation model’ . The products of bearing plants sales less costs will be accounted for using the fair value model in TAS 41. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2016.

TFRS 14, “Regulatory Deferral Accounts”

Can be applied to yearly reportings which starts with January 01, 2016 and later. Standard give opportunity to companies which uses tariff application to use accounting standarts which are used before the first application of TFRS.

TMS 27— Equity Method in Individual Financial Statement (TMS 27’de Değişiklik)

On February 2015 KGK has changed the IAS 27, in order to resubmit the option of equity method to Companies for accounting the investments in subsidiars and affiliaties in their individual financial statement. These investments must be accounted with; ,,

- amortized cost ,,
- according to IFRS 9 (or IAS 39) or,
- using the equity method

The companies must apply same accounting for any investment category. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2016. Early application is permitted and must be disclosed. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

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

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

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

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

TMS 1: Disclosure Initiative

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

Annual Improvements 2012-2014 Cycle

IFRS 5 Tangible Assets Held for Sale and Discontinued Operations – change in disposal methods

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

TFRS 7 Financial Instruments – service agreement; change the applicability to interim summary consolidated financial statements.

IAS 19 Employee Benefits - regional market issues relating to the discount rate.

IAS 34 Interim Financial Reporting - Disclosure of information in another part in interim financial reporting.

Those improvements are effective for the period which starts January 01, 2016 and later. Early application is allowed.

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

New and amendment stand arts and interpretations publishes by the International Accounting Standards Boards (IASB) but not published by the Public Accounting and Auditing Standards Authority

New standards at the below list and current TFRS standard changes has not been effective in current reporting period but published by the IASB.

However these standards, interpretations and amendments are not adapted / published to TFRS by the Public Accounting and Auditing Standards Authority and they do make part of TFRS due to this reason. The Company is going to make necessary changes in the financial statements and disclosures after TFRS is effective.

Annual Improvements - 2010—2012 Period

TRFS 13 Fair Value Measurement

As described in the reasons of decisions; short term trade receivables and payables, that is not determined interest rates, can be shown at original invoice amount in cases where the effect of discounting is insignificant.

Annual Improvements – 2011 – 2013 period

UFRS 15- Revenue From Contracts with Customers

TFRS 15 which is called Revenue From Contracts with Customers was published in May 2014. The new five stage model in the standard explains the needs about how the revenue is accounted and its measurement. This standard will be applied to revenues from contracts with customers, and it is a model for the record of sale of some non-financial assets (such as tangible fixed assets) which are not subject to company's ordinary activities. It will be applied for the accounting year starting with January 2017 and after. However, earlier application will be accepted. There are two alternatives for transfer to IFRS 15; full retrospective application and modified retrospective application. When the modified one is preferred, previous periods will not be regulated again, but there will be comparative numerical information on notes on the accounts. It is still being evaluated the effect of change on the companies' financial performance.

IFRS 16 Leases

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments – Final standart (2014)

On July 2014, IAS 39 Financial Instruments : The project consists of impairment and hedge accounting phase which will replace the Recognition and Measurement classification and measurement issued a final in IFRS 9. IFRS 9 is based on a single classification and measurement approach business model in which they managed the financial assets and rational reflects the cash flow characteristics. Then, loan losses accounted for more timely manner to allow the subject to a future expected credit loss model for the impairment of accounting can be applied to all financial instruments established a single model. In addition, IFRS 9, banks and other businesses, financial debts in case they choose to measure the fair value option, due to a decrease in their credit worthiness decline in the fair value of financial liabilities in profit or loss that result in saving income called own credit risk tackles the problem. IFRS 9, these amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2018. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

3. IMPORTANT ACCOUNTING POLICIES

3.1 Acquisition Cost

Acquisition cost consists of purchasing price, incidental costs and expenses paid after purchase Discounts made from purchase price are deducted from cost. Borrowing cost cannot be activated after acquisition.

3.2 Cash and Cash Equivalentents

Cash can be implied as cash and demand deposit in the Company and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalentents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes.

3.3. Trade Receivables And Provisions

Trade Receivables are the receivables sourced from Company which are come from a debtor cause of a direct supply of goods or services. Average collection of reveivables is 90-120 days.

In case of receivables become impossible to collect, Company will make a provision as a risk provision. This provision amount is the difference between the book value of receivables and possible collection amount of receivables. Possible collection amount is the rediscounted value which is calculated with effective interest method on amount of original trade receivables, collectible guarantees and other cash transactions. (Note: 7)

If the amount of impairment value decreases after written as a loss, the amount of decrease will record in other income in the current period.

3.4. Related Parties

The Company will consider as a related party if any of the conditions below is met.

- a) If the party directly or indirectly with one or more agent:
 - i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

- ii) Has share which allows it to have big impact on the Company; or
- iii) Has common control on the Company;
- b) If the party is an affiliate of the Company;
- c) If the party is an joint venture where the Company is party;
- d) If the party is a member of the key personnel in the Company or Company's main partnership;
- e) If the party is a close family member of any person mentioned in the a or d parts;
- f) If the party is an enterprise which is controlled, partnered or under voting power or any person mentioned in d) or e) parts has right to vote in important decisions of the party;
- g) If the party has profit plans about a possible leaving job of related parties' employees.

3.5. Tangible and Intangible Fixed Assets

Tangible Fixed Assets

Tangible assets are reflected to financial statements according to their acquisition date: If they are acquired before January 1, 2005, they will be stated on acquisition cost, which are rearranged with buying strength of TRY in December 31, 2004 and if they are acquired after January 1, 2005, they will be stated with its acquisition cost after deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation. There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. Tangible fixed assets are amortized with rates below according to their economic useful live.

Tangible Fixed Assets

Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor Vehicles	5
Furniture and Fixtures	3-15
Special Costs	minimum of lease term (in days) or useful life

If book value of an asset is bigger than the recovered value of this asset, book value of this asset can be discount to its recovered value. Recovered value of an asset is bigger than net sales price or value at use.

Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life.

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets are consists of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below;

Years

Rights 3-15

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price.

3.6. Revenue

Sales Income

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

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

Interest Revenue

Interest revenues are recorded as income on accrual basis.

3.7. Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in gross Company up as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfill this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, Company allocates provision. Company does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfill liability.

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities and Assets

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in Company's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets.

Company does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of enter for economic profit is high.

3.8. Trade Payables & Other Liabilities

Accounts payable, if they contain an important element of interest is expressed by the rediscounted values. Debt maturity of the debt related to financing income includes government debt securities with maturities suitable for the stock exchanges or other organized markets and in the interest rate is calculated taking into account the amounts shown in the financial statements of financial income.

3.9. Financial Instrument

Financial Assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction.

Financial assets are classified as "financial assets reflected to profit or loss of the realizable value difference", "financial assets kept in hand until its maturity", "marketable financial assets" and "credits and receivables".

Effective Interest Method

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset gain value. Effective interest rate; Estimated future cash value which will be charged in a shorter time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand until maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest income of these assets

a) Net realizable value difference of financial assets which recorded as profit/(loss)

Financial assets measured at fair value through profit and loss are the assets which are the owned one to sell or buy. If a financial asset is bought to sell in short term, it is classified in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk is also considered as financial assets, those fair value is recopas profit or loss. Assets in this category are classified as current assets.

b) Financial assets hold until maturity

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

Debt instruments with constant terms with constant and determined payment plan, and Company has an intention to keep in hand until the maturity is classified as financial investments in hand. Maturity of these items are presented in financial statements with their deduction of impairment from amortized cost calculated from effective interest rate method.

c) Assets available for sale

The Company has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are recorded with their cost values.

d) Loans and receivables

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are recorded by deducting loss in value decrease from the cost which was calculated by using effective interest method.

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of Company on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value difference recorded as profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value difference recorded as profit and loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net gain or loss recognized in comprehensive income statement

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.10. Borrowing Costs

Company reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

3.11. Leasing Transactions

Financial Leasing Transactions

The Company reflects fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if it's lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account.

Operational Leasing Transactions

Lease contracts where all the risks and benefits of renting property in the hands of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

3.12. Employee Benefits

a) Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "Employee Benefit". Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between Company and its personnel for defined reasons according to Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date.

Company calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from Company's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

b) Defined Contribution Proportions

Company has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the Company continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

3.13. Estimations and assumptions

Preparing financial statements require the management to make estimations and assumptions for the amounts of assets and liabilities reported by financial statement date, assets and liabilities that are not included in the report, and accrued revenue and expenses during report period. Actual results may differ from these forecasts. These forecasts are updated periodically, and adjustments where necessary, at the time of the reports are reflected in earnings.

3.14. Netoff

If financial assets and liabilities legally have a right to offset, pay as offset or collection is possible to obtain or if assets obtain and liabilities can be in the same time, they are shown with net value in balance sheet.

3.15. Segment Reporting

Segment consist of production of similar goods and services (industrial segment) of supplying goods and services to certain area (geographical segment) of different separation of production of good and services. For reporting purposes, Company can be separated between segments.

3. IMPORTANT ACCOUNTING POLICIES (CONTINUED)

3.16. Operational expenses

Operation expenses are transferred to the fulfillment of the services or expenses into the income statement when the expense is occurred.

3.17. Effects of Exchange Differences

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

3.18. Going Concern

The accompanying financial statements have been prepared in accordance with the Company's activities for the coming year and will benefit from their presence in the natural flow of business continuity and procedures to fulfill it's obligations under the assumption.

3.19. Subsequent Events

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, Company adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

4. INTEREST IN OTHER ENTITIES

Financial Investments

Financial assets in unquoted equity shares and ratios as stated cost and available-for-sale in December 31, 2015 and December 31, 2013 as follows:

	31.12.2015		31.12.2014	
	<u>TRY</u>	<u>%</u>	<u>TRY</u>	<u>%</u>
Ceramics Research Center	4.000	8,00	4.000	8,00
Turgutlu Water Product Inc.	45	1,00	45	1,00
TOTAL	4.045		4.045	

5. SEGMENT REPORTING

Company does not make any reporting according to sector because there were not any geographic or operating sector differences on risks and profits from Company's product or service presentation.

6. RELATED PARTY DISCLOSURES

As of December 31, 2014 and December 31, 2013 balances to related party disclosures:

a) **Due from related parties:**

- **Trade receivables from affiliates:**

	31.12.2015	31.12.2014
Egeseramik İç ve Dış Ticaret A.Ş.	12.733.515	11.081.128
Ege Seramik America INC.	9.552.297	5.610.022
TOTAL	22.285.812	16.691.151
Deduction: Unearned interest expense	(18.737)	(6.764)
TOTAL	22.267.075	16.684.387

The Company has been making its domestic sales and distribution of goods itself, important part of foreign abroad sales and distribution has been made through Egeseramik İç ve Dış Ticaret A.Ş. ve Ege Seramik America INC.

	Maturity Period
Egeseramik İç ve Dış Ticaret A.Ş.	120 Days
Ege Seramik America INC.	120 Days

- **Other receivables from affiliates:**

None. (31.12.2014 None.)

b) **Due to related parties:**

- **Other payables to related parties**

	31.12.2015	31.12.2014
Dividend Payable	50.136	39.340
TOTAL	50.136	39.340

ii) **Important sales to related parties and important purchases from related parties:**

a) **Product Sales to Related Parties:**

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Seramik İç ve Dış Ticaret A.Ş.	47.286.802	39.849.458
Ege Seramik America INC.	46.690.861	31.797.680
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	33.390	38.246
Polat Turizm Otel San. ve Tic. AŞ.	215.948	14.384
Piyalepaşa Gayrimenkul A.Ş.	63.181	8.128
TOTAL	94.290.182	71.707.896

6. RELATED PARTY DISCLOSURES (CONTINUED)

b) Raw material sales to related parties:

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	-	1.710
TOTAL	-	1.710

c) Service sales to related parties:

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	1.815	265
Egeseramik İç Ve Dış Ticaret A.Ş.	9.071	5.705
Ege Seramik America INC.	88.103	81.776
Polat Turizm Otel San. ve Tic. A.Ş.	39.140	6.121
Polat Maden San. Tic. A.Ş.	16.953	423
Piyalepaşa Gayrimenkul A.Ş.	55	-
TOTAL	155.137	94.290

d) Raw material purchase and related parties goods:

	01 January - 31 December 2015	01 January - 31 December 2014
Polat Maden San. Tic. A.Ş.	4.178.078	2.940.570
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	1.674	33.858
TOTAL	4.179.752	2.974.427

e) Service purchases from related parties:

	01 January - 31 December 2015	01 January - 31 December 2014
İbrahim Polat Holding A.Ş.	781.814	684.930
Ege Seramik America INC.	-	2.989
Polat Maden San. Tic. A.Ş.	13.965	-
Polat Turizm Otelcilik A.Ş.	-	3.248
Egeseramik İç Ve Dış Ticaret A.Ş.	36.246	28.894
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	1.758	2.158
TOTAL	833.783	722.218

f) Financing revenues from related parties transaction:

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	997	36.691
TOTAL	997	36.691

6.RELATED PARTY DISLOSURES (CONTINUED)

g) Financial expenses from related parties transactions:

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Seramik İç ve Dış Ticaret A.Ş.	534	2.379
TOTAL	534	2.379

h) Marketing, sales and distribution expenses from related parties:

	01 January - 31 December 2015	01 January - 31 December 2014
Ege Seramik Amerika INC.	127.320	115.781
Egeseramik İç Ve Dış Ticaret A.Ş.	1.353.408	1.469.424
Polat Turizm Otel San. ve Tic. A.Ş.	23.790	480
İbrahim Polat Holding A.Ş.	115	238
TOTAL	1.504.633	1.585.922

The senior management remuneration and other benefits for twelve month period of 2015 are as follows:

a) Short term employee benefits: The senior management remuneration and other benefits totally 2.807.622 TRY (December 31, 2014: 2.710.869 TRY) in twelve months period of 2014.

b) Postemployment: Severance pay is paid to employees who deserve the rights recognized by law. Other than there is none extra payment.

c) Other long term benefits: None.

d) Severance: None.

e) Share-based payments: None.

7. TRADE RECEIVABLE AND PAYABLES

Trade Receivables

	31.12.2015	31.12.2014
Customer Current Accounts	40.392.800	28.802.535
-Receivables from Related Parties(Note:6)	22.285.812	16.691.151
-Other Receivables	18.106.988	12.111.384
Notes Receivables	86.938.644	79.760.714
-Note Receivables from Related Parties(Note:6)	-	-
-Other notes receivables	86.938.644	79.760.714
Doubtful Receivables	2.353.573	2.535.734
Provision of Doubtful Receivables(-)	(1.665.725)	(1.666.850)
TOTAL	128.019.292	109.432.133
Deduction:Unearned interest expense	(2.820.982)	(1.792.745)
Receivables from related parties(Note:6)	(18.737)	(6.764)
Other Receivables	(2.802.245)	(1.785.981)
TOTAL	125.198.310	107.639.388

As of December 31, 2014, at the amount of 101.858.820 TRY collateral received for provision of receivable other than related parties is presented in Note 25.

The accompanying financial statement for the Company in the provision does not require more than a provision for doubtful receivables. The Company, a significant portion of the receivables is tied up as collateral, collateral amounts correspond to their receivables. According to all unsecured receivables are related to the provision for doubtful receivables and which is in progress in a law suit.

	31.12.2015	31.12.2014
Not due	37.586.413	27.123.150
Overdue 0-30 days	2.278.265	1.023.600
Overdue 30-90 days	12.500	100.071
Overdue 90-180 days	100.000	12.186
Overdue 180-360 days	79.021	7
Overdue more than 360 days	336.601	543.521
TOTAL	40.392.800	28.802.535

As of December 31, 2015, and December 31, 2014 provision for doubtful trade receivables' movement table is given below:

	31.12.2015	31.12.2014
Jan 01	1.666.850	1.834.143
Current period of provision for doubtful receivables	-	206.335
Collected and provisions no longer required	(1.125)	(373.628)
TOTAL	1.665.725	1.666.850

7. TRADE RECEIVABLE AND PAYABLES (CONTINUED)

Trade Payables

	31.12.2015	31.12.2014
Trade Payables	59.649.396	38.258.993
-Other trade payables	33.521.095	28.028.432
- <i>Payables to investment suppliers</i>	26.128.301	10.230.561
	59.649.396	38.258.993
Deduction: Unearned interest expense	(207.721)	(160.982)
-Other trade payables	(207.721)	(160.982)
TOTAL	59.441.675	38.098.011

	31.12.2015	31.12.2014
Not due	58.985.803	37.966.506
Overdue 0-30 days	477.754	289.282
Overdue 30-90 days	185.839	3.205
Overdue 90-180 days	-	-
Overdue 180-360 days	-	-
Overdue more than 360 days	-	-
TOTAL	59.649.396	38.258.993

Long Term Trade Payables

	31.12.2015	31.12.2014
Trade Payables	15.965.569	-
- <i>Other Payables(*)</i>	15.965.569	-
	15.965.569	-
Deduction: Unearned interest expense	(9.597)	-
<i>Other Payables</i>	(9.597)	-
TOTAL	15.955.972	-

(*) Consist of long term trade payables to Sacmi Middle East and System SPA, originates from investment activity.

8. RECEIVABLES AND PAYABLES FROM ACTIVITIES IN FINANCIAL SECTOR

-Short Term Financial Liabilities

	31 Aralık 2015	31 Aralık 2014
Short Term Financial Liabilities (*)	4.140.112	-
Interest Accruals	53.648	-
TOTAL	4.193.760	-

8. RECEIVABLES AND PAYABLES FROM ACTIVITIES IN FINANCIAL SECTOR (CONTINUED)

(*) Consist of short term import loans which due is lesser than 360 days.

	31 Aralık 2015	31 Aralık 2014
Due in 0-1 year	4.193.760	-
Due in 1-2 years	-	-
Due in 2-3 years	-	-
Due in 3-4 years	-	-
Due in 4-5 years	-	-
Due after 5 years	-	-
Total Financial Liabilities	4.193.760	-

	Amount in Original Currency	Exchange Rate
31.12.2015		
USD	-	-
EUR	1.319.789	3,1776
TRY	-	-
Total Financial Liabilities		4.193.760

-Long Term Financial Liabilities

	31.12.2015	31.12.2014
Long Term Financial Liabilities (*)	1.752.411	-
Interest Accruals	209	-
TOTAL	1.752.620	-

(*) Consist of long term import loans which due is higher than 1 year.

	31.12.2015	31.12.2014
Due in 0-1 year	-	-
Due in 1-2 years	1.752.620	-
Due in 2-3 years	-	-
Due in 3-4 years	-	-
Due in 4-5 years	-	-
Due after 5 years	-	-
Total Financial Liabilities	1.752.620	-

8. RECEIVABLES AND PAYABLES FROM ACTIVITIES IN FINANCIAL SECTOR (CONTINUED)

31.12.2015	Amount in Original Currency	Exchange Rate
USD	602.772	2,9076
EUR	-	-
TRY	-	-
Total Financial Liabilities		1.752.620

9. OTHER RECEIVABLES AND PAYABLES

Short term Other Receivables from Third Parties

	31.12.2015	31.12.2014
Receivables from tax office	1.713.741	478.169
TOTAL	1.713.741	478.169

Long Term Other Receivables from Third Party

	31.12.2015	31.12.2014
Deposits and guarentees given	91.380	53.073
TOTAL	91.380	53.073

Short Term Other Receivables

	31.12.2015	31.12.2014
Other payables to related parties	50.136	39.340
Taxes and funds payables	1.127.356	2.001.724
Overdue, deferred or restructured taxes & duties	-	67.818
TOTAL	1.177.492	2.108.882

10. INVENTORIES

	31.12.2015	31.12.2014
Raw material	26.927.703	21.945.826
Semi finished good -Production	4.699.892	4.700.958
Finished goods	33.280.755	27.915.485
Trade goods	101.068	95.913
Other Inventories	55.412	70.347
	65.064.830	54.728.529
Inventory Impairment (-)	(10.275)	(14.977)
TOTAL	65.054.555	54.713.552

10. INVENTORIES (CONTINUED)

Provisions of inventory impairment during the period are as below:

	31.12.2015	31.12.2014
Opening balance	(14.977)	(40.109)
Canceled provision due to the increase in net realizable value (-)	4.702	25.132
TOTAL	(10.275)	(14.977)

As of December 31, 2014 there is depreciation expense amount of TRY 1.192.873 (December 31,2014; TRY 1.334.722) on inventories at the end of period.

Inventories are measured at the lower of cost which is calculated with weighted average method and net realizable value. Company's raw material inventories in the amount of TRY 11.452 (December 31, 2014: TRY 153.396) at net realizable value and TRY 26.916.251 (December 31, 2014: 21.792.430) at cost which are reflected its financial statements. Company's finished goods inventories in the amount TRY 57.229 (31.12.2014: TRY 119.154) at net realizable value and TRY 33.223.526 (December 31, 2014: 27.796.331) at cost which are reflected its financial statements.

In accordance with TAS 2 Company's credit sales are discounted and it is at the amount of TRY 198.086. Annual discount rate was applied %8 for TRY, and %2 for EUR, USD and CHF.

11. LIVE STOCK ASSETS

None. (December 31, 2014 None.)

12. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses

	31.12.2015	31.12.2014
Prepaid expenses for future months	1.448.791	1.166.022
Advances given related to cost	3.261.964	1.570.426
TOTAL	4.710.755	2.736.448

Long term prepaid expenses

	31.12.2015	31.12.2014
Prepaid expenses for future years	-	141
Advances given related to cost (*)	-	4.300.860
TOTAL	-	4.301.001

Deferred incomes

	31.12.2015	31.12.2014
Prepaid incomes for future months (*)	738.577	571.059
Advances received	29.853.694	29.260.133
TOTAL	30.592.271	29.831.192

(*) Credit sales of company has been discounted according to TAS 18 and discount amount is TL 738.577. Yearly discount rate for TL is 8%, and 2% for EUR, USD, GBP and CHF.

13. INVESTMENT PROPERTY

None. (December 31,2014 Yoktur.)

14. TANGIBLE FIXED ASSETS

	31.12.2014	Aditions	Transfers	Disposals	31.12.2015
Land	4.645.359	2.485.000	-	50.000	7.080.359
Land Improvements	24.046.120	541.739	8.100	-	24.595.959
Buildings	50.651.413	302.651	3.267.617	3.166	54.218.516
Plant, machinery and equipment	169.602.670	1.144.056	43.926.699	3.686.454	210.986.972
Vehicles and vehicle equipments	1.846.708	80.212	16.000	-	1.942.920
Furniture and fixtures	7.108.669	1.349.015	126.082	15.647	8.568.120
Construction in progress	567.687	47.018.988	(47.344.498)	-	242.177
Special Costs	361.339	-	-	-	361.339
TOTAL COSTS	258.829.967	52.921.662	-	3.755.266	307.996.362
Land Improvements	17.279.421	574.765	-	-	17.854.186
Buildings	24.266.083	1.157.631	-	3.166	25.420.548
Plant, machinery and equipment	130.102.992	8.003.029	-	3.495.498	134.610.524
Vehicles and vehicle equipments	728.999	255.021	-	-	984.020
Construction in progress	4.635.951	776.471	-	15.647	5.396.775
Special Costs	352.111	9.228	-	-	361.339
ACCUMULATED DEPRECIATION	177.365.558	10.776.145	-	3.514.310	184.627.393
NET BOOK VALUE	81.464.409	42.145.516	-	240.956	123.368.969

	31.12.2013	Additions	Transfers	Disposals	31.12.2014
Land	7.372.981	76.152	-	2.803.774	4.645.359
Land Improvements	23.918.865	127.255	-	-	24.046.120
Buildings	50.325.174	278.035	48.205	-	50.651.413
Plant, machinery and equipment	174.545.543	588.799	2.424.306	7.955.978	169.602.670
Vehicles and vehicle equipments	1.269.347	251.072	349.138	22.849	1.846.708
Furniture and fixtures	6.398.965	728.852	-	19.147	7.108.669
Construction in progress	-	3.389.335	(2.821.648)	-	567.687
Special Costs	342.883	18.456	-	-	361.339
TOTAL COSTS	264.173.759	5.457.956	-	10.801.748	258.829.967
Land Improvements	16.723.155	556.266	-	-	17.279.421
Buildings	23.150.027	1.116.056	-	-	24.266.083
Plant, machinery and equipment	130.944.960	7.086.680	-	7.928.647	130.102.992
Vehicles and vehicle equipments	563.651	180.278	-	14.930	728.999
Furnitures and fixtures	4.021.065	634.033	-	19.147	4.635.951
Special Costs	342.883	9.228	-	-	352.111
ACCUMULATED DEPRECIATION	175.745.742	9.582.541	-	7.962.724	177.365.558
NET BOOK VALUE	88.428.017	(4.124.585)	-	2.839.024	81.464.409

15. DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS

None. (December 31, 2015 None.)

16. SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS

None. (December 31, 2015 None.)

17. INTANGIBLE FIXED ASSETS

	31.12.2014	Additions	Transfers	Disposals	31.12.2015
Rights	7.533.637	466.846	-	-	8.000.483
TOTAL COSTS	7.533.637	466.846	-	-	8.000.483
Rights	6.530.589	264.533	-	-	6.795.122
ACCUMULATED DEPRECIATION	6.530.589	264.533	-	-	6.795.122
NET BOOK VALUE	1.003.049	202.313	-	-	1.205.362
	31.12.2013	Additions	Transfers	Disposals	31.12.2014
Rights	7.044.382	489.255	-	-	7.533.637
TOTAL COSTS	7.044.382	489.255	-	-	7.533.637
Rights	6.284.367	246.222	-	-	6.530.589
ACCUMULATED DEPRECIATION	6.284.367	246.222	-	-	6.530.589
NET BOOK VALUE	760.016	243.033	-	-	1.003.049

18. GOODWILL

None. (December 31 ,2014 None.)

19. EVALUATING AND RESEARCHING OF MINE RESOURCES

None. (December 31 ,2014 None.)

20. LEASING OPERATIONS

None. (December 31 ,2014 None.)

21. SERVICE CONCESSION ARRANGEMENTS

None. (December 31 ,2014 None.)

22. IMPAIRMENT OF ASSETS

None. (December 31 ,2014 None.)

23. GOVERNMENT INCENTIVE

- a) Company has completed its modernization investments with investment incentive certificate dated 01/10/2012 and numbered 107017. Application for closing visa ov incentive certificate had been made to Ministry of Economy of Turkey on 17/02/2014 and closing visa has been made on 14/01/2015. Mentioned investment incentive certificate consist of discounted corporate tax rate, customs tax and VAT exemptions. Compnay has benefited from those incentives and continued to benefit from social security premium employer support.
- b) Company has completed its modernization investments with investment incentive certificate dated 04/12/2014 and numbered 113948. Application for closing visa ov incentive certificate had been made to Ministry of Economy of Turkey on 30/09/2015 and closing visa has been made on 13/01/2016. Mentioned investment incentive certificate consist of discounted corporate tax rate, customs tax and VAT exemptions.

24. COST OF BORROWING

None. (December 31, 2014 None.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Current Tax, net

	31.12.2015	31.12.2014
Provisions for current tax	9.715.766	10.020.153
Prepaid taxes and funds (-)	(7.528.977)	(8.281.746)
TOTAL	2.186.789	1.738.407

Short Term Provisions

a) Other Short Term Provisions

	31.12.2015	31.12.2014
Provision for Law Suit	2.059.749	1.980.699
TOTAL	2.059.749	1.980.699

As of December 31, 2015 provisions for other short term liabilities movement table are given below:

	31.12.2014	Additional Provisions (Note:34)	Payments/ Cancellations (-)	31.12.2015
Provision for Law Suit	1.980.699	401.000	(321.950)	2.059.749
TOTAL	1.980.699	401.000	(321.950)	2.059.749

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Letters of Guarantee Given by the Company

Given To	Explanation	31.12.2014 (TRY)
İzmir Kemalpaşa Islah Org. San. Bölgesi Md.	According to natural gas purchasing agreement	65.385
İzmir Kemalpaşa Islah Org. San. Bölgesi Md. (*)	According to natural gas purchasing agreement	14.000.000
Gazi Osmanpaşa 1.İcra Müdürlüğü	According to court process	185.000
Tedaş	According to electricity purchasing transactions	54.200
Konak Vergi Dairesi	According to tax transactions	5
		14.304.590

(*) Consist of Direct Debiting System Limit which is opened for İzmir Kemalpaşa Organized Industry Zone with regards to natural gas purchase agreement.

Pledges Given by the Company

There are no pledges given by the Company on December 31, 2015.

Guarantees Given by the Company

GUARANTEES PLEDGES MORTGAGES	31.12.2015	31.12.2014
A) Total amount of GPM given on behalf of its own legal entity	14.304.590	310.285
B) Total amount of GPM given of the fully consolidated subsidiaries	-	-
C) Total amount of GPM given ordinary trade activities provided in order to guarantee the debts of other 3rd parties	-	-
D)Total amount of other given GPM	-	-
i) Total amount of GPM given on behalf of the Parent Company	-	-
ii) Total amount of GPM given on behalf of other group companies which are not included in scope of B and C	-	-
iii) Total amount of GPM given on behalf of 3 rd parties which are not included in scope of C	-	-
TOPLAM	14.304.590	310.285

As of December 31, 2015, Company's given GPM to Company's equity ratio is 6, 68%.
(31.12.2014: % 0,17)

Guarantees Received by the Company

	31.12.2015	31.12.2014
Letter of guarantees received	56.562.465	39.387.465
Guarantees cheques received	510.000	510.000
Guarantees notes received	1.245.355	482.355
Mortgages	43.541.000	44.696.001
TOTAL	101.858.820	85.075.821

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Ongoing Law Suits and Law Suits in which Company is Defendant

Company has allocated a provision for ongoing law suits about severance pay and notice of compensation and return to work, at amount of TRY 2.059.749 as of December 31, 2015 (December 31, 2014: TRY 1.980.699).

Company Management allocates provisions in attached financial statements for Law suits, for which the Company anticipates that they will be resulted against the Company since the same case law and content of suits have had encountered in previous years. Amount of allocated provisions are presented in provisions for payables account in short term liabilities on the balance sheet.

26. COMMITMENTS

None. (December 31, 2014 None.)

27. EMPLOYEE BENEFIT OBLIGATIONS

Termination Indemnities and Provision of Unused Vacations

The Company has to make a certain termination indemnities to its personnel who quits from Company for several reasons such as retirement or, reasons except reassigning and to be fired because of bad behavior after working at least one year at Company. Compensation which Company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 3.828,37 as of December 31, 2015. (December 31, 2014: TRY 3.438,22)

	31.12.2015	31.12.2014
Provision for termination indemnities	17.154.432	14.945.271
Provision for unused vacations	1.391.583	1.002.924
TOTAL	18.546.015	15.948.195

The calculation has to be done with actuarial assumptions in order to calculate Company's liabilities in accordance with TAS 19 Employee Benefit Obligations. Company has calculated termination indemnities based on experience of completion of personnel service time and experience about personnel rights to have termination indemnities in the past years, by using projection method in accordance with TAS 19, and reflected this amount to its financial statements. Provisions for termination indemnities are allocated with present value of potential liability, and paid to employees in case of retirement.

Correspondingly, actuarial assumptions which are used to calculate the liability amount as of December 31, 2015 and December 31, 2014 are depicted below:

	31.12.2015	31.12.2014
Discount rate	%10,57	%8,90
Estimated increase rate	%5,83	%4,75

27. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Movement of provision for termination indemnities as of December 31, 2015 - December 31, 2014 are shown as follows:

	31.12.2015	31.12.2014
Opening balance	14.945.271	13.191.161
Additional provisions	2.356.128	1.774.377
Payment (-)	(146.967)	(20.266)
Closing balance	17.154.432	14.945.271

	31.12.2015	31.12.2014
January 01	14.945.271	13.191.161
Interest expenses	1.579.715	1.174.013
Current service cost	5.601.323	3.620.478
Paid in period	(3.052.299)	(2.205.898)
Actuarial gain / (loss)	(1.919.578)	(834.482)
Closing balance	17.154.432	14.945.271

Movement of provision for unused vacations as of December 31, 2015 - December 31, 2014 are shown as follows:

	31.12.2015	31.12.2014
Opening balance	1.002.923	964.449
Additional provisions	388.660	38.474
Closing balance	1.391.583	1.002.923

Payables within Employee Benefits

	31.12.2015	31.12.2014
Due to personnel	2.845.476	2.659.944
Payable taxes and funds	1.376.681	1.085.583
Payable other liabilities	19.060	9.295
TOTAL	4.241.217	3.754.822

28. EXPENSES BY NATURE

	January 01– December 31 2015	January 01– December 31 2014
General administration expenses	21.214.812	17.160.539
Marketing expenses	19.391.255	17.937.522
Research and development expenses	2.599.531	2.193.200
Cost of sales	224.883.601	196.324.066
TOTAL	268.089.199	233.615.327

29. OTHER ASSETS AND LIABILITIES

Other current assets

	31.12.2015	31.12.2014
Income accruals	154.335	121.428
Other VAT	9.881.735	12.384.475
TOTAL	10.036.070	12.505.903

*The amount of TRY 9.881.735 which is the other VAT account is occurred from the sales of exports according to VAT Law in the article of 11/1-c and the amount of TRY 9.881.735 of other VAT will be shown under short-term liabilities after deduction of export transactions are closed by Tax Authority.

Other short term liabilities

	31.12.2015	31.12.2014
Expense accruals	293.703	52.352
Other VAT	9.881.735	12.384.475
TOTAL	10.175.438	12.436.827

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid in capital

The Company adopted the registered capital system which is known for companies who are subject to CMB regulations.

As of December 31, 2015 and December 31, 2014 registered capital of the Company that is not adjusted to inflation is shown as follows:

	31.12.2015	31.12.2014
Registered capital ceiling	150.000.000	150.000.000
Authorized and paid in capital	75.000.000	75.000.000

As of December 31, 2015 and December 31, 2014 registered capital of the Company that is not adjusted to inflation is shown as follows:

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

	Class	December 31, 2015			December 31, 2014		
		Amount (TRL)	Unit	Rate	Amount	Unit	Rate
Adnan Polat	A	3,60	360	0,00%	3,60	360	0,00%
Adnan Polat	B	5,20	520	0,00%	5,20	520	0,00%
Adnan Polat	C	779.869,04	77.986.904	1,04%	779.869,04	77.986.904	1,04%
<i>Adnan Polat-Publicly traded</i>		113.790,00			113.790,00		
Total		779.877,84		1,04%	779.877,84		1,04%
İbrahim Polat	A	3,95	395	0,00%	3,95	395	0,00%
İbrahim Polat	B	6,65	665	0,00%	6,65	665	0,00%
İbrahim Polat	C	2.909.864,93	290.986.493	3,88%	2.367.105,93	236.710.593	3,16%
<i>İbrahim Polat-Publicly traded</i>		2.909.264,58			2.366.005,28		
Total		2.909.875,53		3,88%	2.367.116,53		3,16%
Murat Polat	A	3,60	360	0,00%	3,60	360	0,00%
Murat Polat	B	5,20	520	0,00%	5,20	520	0,00%
Murat Polat	C	779.868,61	77.986.861	1,04%	779.868,61	77.986.861	1,04%
<i>Murat Polat-Publicly traded</i>		130.149,00			130.149,00		
Total		779.877,41		1,04%	779.877,41		1,04%
Other	A	0,85	85	0,00%	0,85	85	0,00%
Other	B	0,95	95	0,00%	0,95	95	0,00%
Total		1,79		0,00%	1,79		0,00%
Publicly traded and other	C	24.843.448,48	2.484.344.848	33,12%	25.386.207,48	2.538.620.748	33,85%
İbrahim Polat Holding A.Ş.	C	45.686.918,95	4.568.691.895	60,92%	45.686.918,95	4.568.691.895	60,92%
		75.000.000,00	7.500.000.000,00	100%	75.000.000,00	7.500.000.000,00	100%
Differences of capital adjtment (*)		24.778.008,00			24.778.008,00		
		99.778.008,00			99.778.008,00		

(*)Inflation adjustment to capital is the difference between total amount of capital adjusted to inflation and capital amount before inflation adjustment.

The Company's registered share capital ceiling is 150.000.000 (hundred and fifty million) Turkish Lira and each with a nominal value of 1 (one) kr is divided into 15.000.000.000 shares. The Company's issued share capital is 75.000.000 (seventy five million) Turkish Lira and is fully paid. The Company's share capital consists of 75.000.000 (seventy five million) Turkish Lira and 7.500.000.000 Turkish Lira of issued shares; each has the value of 1 (one) kr;

1.200 items A Group are registered on person,
1.800 items B Group are registered on person and
7.499.997.000 items C Group are divided into a bearer share.

The Board of Directors is authorized to increase the registered capital ceiling in the capital, to issue the registered shares and bearer shares and to determine the amount of those registered shares and bearer shares. In the General Assembly meeting to make a change on the certificate of corporation, shareholders vote for the amount of capital they have committed.

Transfer of shares in someone's name will be valid if the Board of Directors of the Company decides to transfer and register the share. The Board of Directors may not authorize the transfer of shares without giving any reason. Group A and B dividend shares, representing the capital are privileged shares.

Management activities and actions of the Company are conducted by The Board of Directors which has 6 (six) members who are elected from the nominated legal and real entities by The Board of Shareholders with regard to Turkish Commercial Code.

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Two applicants of The Board of Directors are elected by absolute majority of shareholders of group A has nominated, one applicant is elected by absolute majority of shareholder of group B has nominated, and other three applicants are elected by shareholders regardless of the group they are in. On Board of Directors, each member has right for a vote.

Profit Distribution

Profit Distribution for public corporation is made according to the The Statement of Profit Distribution Code II-19.1 of Capital Market Board as of February 1, 2014.

Partnerships divide their shares in accordance with the policies of Board of Directors on profit distribution and suitable with the legislations of Board of Directors. As the statement indicated, the minimum dividend rate is not detected. Companies pay profit share as the way it is stated on their main agreement or policies of profit distribution. Profit distribution could be paid with equal or in equal installments in condition of decision, whether to divide it or not, made by the Board.

There will be no profit distribution to members of boards, partners, people who has dividend right certificate and people except who has shares till distributed profit paid by cash, as it will not be decided to distribution of profit to these people, transfer of profit to retained earnings, allocation of legal reserves till the time for allocation of profit distribution for shareholders according to profit distribution policy or legal agreement with legal reserves allocated according to TCC.

Predicted profit distribution amount could be distributed till the time when it can be resourced from current net distributable profit or current other resources in legal accounts (according to TPL accounts).

In accordance with the description declared on 10.04.2015 the Capital Market Board and the Company's Articles of Association states:

- TRY 7.262.293,01 First dividends to shareholders
- TRY 3.776.392,36 to the Preference Shareholders according to the article of 26/c in the lines of 2 and 3 of Main Contract,
- TRY 1.263.638,98 to the members of The Board of Directors according to the article of 26/c in the line of 4 of Main Contracts,
- 12.000.000,00 TL second dividends to shareholders, 24.302.324,35 TL dividend distribution,
- TRY 4.064.228,41 for Extraordinary Reserves is dividend from Legal Reserves and past year profits TRY 11.813.366,57 .

Share Premium

As announcement of the board stated according to declaration No: 29 of Serial XI, “share premium” as a capital item has to be written as it is recorded in the balance sheet, at result of the first financial statement which is adjusted according to inflation.

Inflation adjustment differences of share premium are recorded in retained earnings:

	31.12.2015	31.12.2014
Share Premium	35.838.595	35.838.595
TOTAL	35.838.595	35.838.595

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Movements of actuarial loss/gain fund are as below:

	31.12.2015	31.12.2014
Opening balance	1.362.868	695.282
Current actuarial (gain)/loss	1.535.662	667.586
TOTAL	2.898.530	1.362.868

Restricted Reserves

Legal Reserves are consisting of first and second reserves as predicted on Turkish Commercial Code (TCC). TCC predict that Company can allocate 5% of its legal profit till first reserve reaches 20% of Company's paid-in capital. However second legal reserves are allocated as 10 % on all cash dividends which are exceeding 5% of paid-in capital. In the scope of TCC's statements, legal reserves can only be used to clarify loss and they cannot be used for other purposes unless they do not exceed 50% of paid-in capital.

Reserves that are allocated apart from distribution of profit dividends of previous period are classified in this item in balance sheet. Inflation adjustment differences for legal reserves are recorded in retained earnings.

Announcement of the board stated according to declaration No: 29 of Serial XI, "legal reserves" as capital items have to be written as they are recorded in the balance sheet at result of the first financial statement which is adjusted according to inflation.

	31.12.2014		31.12.2015
	Balance	Additions	Balance
Restricted Reserves	9.188.011	4.064.228	13.252.239
TOTAL	9.188.011	4.064.228	13.252.239

Retained Earnings

Accumulated profits / losses apart from net profit for the period are clarified and presented in this item.

Extraordinary reserves are also considered as accumulated profit, and presented in this item. Restricted reserves allocated from profit, share premium, and inflation adjustment differences of extraordinary legal reserves are presented in retained earnings.

Geçmiş Yıl Kar / Zararları	31.12.2015	31.12.2014
Accumulated Profit/Loss	38.219.351	26.449.748
Dividend	(24.302.324)	(22.503.223)
Legal Reserves	(4.064.228)	(3.178.359)
Actuarial Gain/Loss Fund	1.535.662	667.586
TOTAL	11.388.460	1.435.752

31. REVENUE AND COST OF SALES

Sales are shown as follows:

	January 01 – December 31 2015	January 01 – December 31 2014
Domestic sales	214.829.851	195.572.361
Foreign sales	111.859.335	87.363.558
Gross Sales	326.689.186	282.935.919
Sales returns (-)	(1.305.033)	(1.019.977)
Sales discounts (-)	(167.615)	(182.699)
Other discounts (-)	(325.548)	(1.051.771)
Returns and discounts	(1.798.196)	(2.254.448)
Net sales	324.890.990	280.681.471

According to TAS 18 Revenue Standards, price is considered as cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents are deferred, the fair value of the sales price might be less than the nominal amount of cash receivable. For example, an entity may provide interest-free sale, or accept a note receivable bearing a below-market interest rate from the buyer as sales price. If the arrangement constitutes a financial transaction, the fair value of the sales price is determined by discounting all future transactions using an imputed rate of interest.

Company's credit sales which are discounted in accordance with TAS 18 Revenue Standards are the amount of TRY 738.577. Annual discount rate has been applied to 8% for TRY; 2% for USD, CHF, GBP and EUR.

Cost of sales are shown as follows:

	January 01 – December 31 2015	January 01 – December 31 2014
Cost of goods sold	224.163.911	195.567.964
Cost of trade goods sold	719.690	756.102
TOPLAM	224.883.601	196.324.066

Cost of sales according to their nature in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are indicated as below:

31. REVENUE AND COST OF SALES (CONTINUED)

	January 01 – December 31 2015	January 01 – December 31 2014
Material usage share	99.836.753	86.337.426
Natural gas usage	57.142.357	48.816.613
Personnel expense share	38.688.126	31.476.966
Indirect material usage	12.629.752	12.716.056
Depreciation and amortization expenses	9.703.573	7.463.200
Transportation expenses	3.546.693	2.794.774
Maintenance and repair expenses	3.538.272	2.617.119
Food and subsistence expenses	2.344.670	1.787.877
Other general manufacturing expenses	1.642.954	1.677.229
Diesel and LPG usage	1.090.939	989.766
Cost of trade goods sold	719.690	756.102
Shipping cost	966.760	793.395
The net effect of the goods with delayed customs declaration document	68.427	129.457
Changes in semi-finished inventory	(2.737)	(707.481)
Internal consumption (*)	(1.169.497)	(1.209.680)
Changes in finished goods inventory	(5.863.130)	(114.754)
TOTAL	224.883.601	196.324.066

(*) Internal consumption amount consist of products used in research and development activities and marketing and advertising activities.

According to Inventory Standards of TAS 2, entity may purchase inventories on the circumstance of deferred payment. If the arrangement contains a financing element which is a difference between the cash purchase prices for normal credit terms and the amount paid, this difference will be accounted as interest expense over the period it is financed.

Company's credit purchases which are discounted in accordance with TAS 2 Inventory Standards are the amount of TRY 293.540. Annual discount rate has been applied to 8% for TRY; 2% for USD, CHF, GBP and EUR.

32. CONTRACTS OF CONSTRUCTION

None. (December 31, 2014 None.)

33. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Marketing, Sales and Distribution Expenses

Details of marketing, sales and distribution expenses according to their nature in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

	January 01 – December 31, 2015	January 01 – December 31, 2014
Domestic sales expenses	6.822.919	6.761.918
Foreign sales expenses	3.860.153	3.794.319
Personnel expenses	4.665.826	3.389.364
Advertising expenses	2.404.828	2.283.446
Construction sales expenses of ceramic boards	1.024.511	811.191
Packaging expenses	530.230	662.455
Other	82.788	234.830
TOTAL	19.391.255	17.937.522

General Administrative Expenses

Details of general administrative expenses according to their nature in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

	January 01 – December 31, 2015	January 01 – December 31, 2014
Personnel expenses	5.447.665	4.998.384
Termination indemnities paid	3.052.299	2.205.898
Outsource services	2.897.332	2.403.861
Consultancy expenses	1.360.162	1.168.309
Depreciation and amortization expenses	1.101.566	1.022.532
Tax, duties and charges	580.909	498.711
Due and subscription fees	330.476	270.953
Provision for termination expenses	4.275.705	2.608.859
The court and law enforcement expenses	416.003	359.431
Communication expenses	94.609	112.340
Travelling expenses	148.060	154.224
Insurance expenses	174.927	127.978
Electric expenses	166.313	153.246
Transfer and resource expenses	86.749	106.224
Rent expenses	74.484	53.289
Notice of termination expenses paid	196.391	200.355
Other	811.161	715.944
TOTAL	21.214.812	17.160.539

33. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (CONTINUED)

Research and Development Expenses

Details of research and development expenses according to their nature in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

	January 01 – December 31, 2015	January 01 – December 31, 2014
Personnel expenses	1.985.843	1.836.323
Outsourced expenses	334.475	248.241
Other	279.213	108.637
TOTAL	2.599.531	2.193.200

34. OTHER OPERATIONAL INCOME AND EXPENSE

Other operational incomes

	January 01 – December 31, 2015	January 01 – December 31, 2014
Reflected revenues	62.980	64.732
Provision of law suits cancellation	321.950	522.560
Reflected material price differences	514.645	516.251
Cancellation of provision for doubtful receivables	1.125	320.199
Insurance claim income	-	89.292
Confirmation difference gains	56.837	784.847
Cancellation of decrease in value stock	4.702	25.132
Cancellation of provision for termination indemnities	146.967	20.266
Rental income	235.246	238.712
Export freight and insurance income	10.089	811
Sale of sample ceramic and board	71.773	77.763
Scrap sales	242.405	454.953
Brand and promote fair income	135.493	131.719
Interest differences	83.568	102.857
Other	764.661	565.980
Rediscount interest income	2.010.063	1.977.763
Exchange differences income	14.342.720	14.916.684
TOTAL	19.005.223	20.810.522

34. OTHER OPERATIONAL INCOME AND EXPENSE (CONTINUED)

Other operational expenses

	January 01 – December 31, 2015	January 01 – December 31, 2014
Idle capacity expense and loss	-	75.402
Provision for lawsuit expenses	401.000	1.295.950
Provision for unused vacation	388.660	38.474
Provision for doubtful receivables	-	206.335
Special communication tax	11.714	12.293
Penalties and late payment interest	48.218	420.172
Confirmation differences	56.117	58.400
Reflected material and price differences	76.859	516.251
Rediscount interest expense	2.981.965	1.930.950
Exchange differences expense	15.483.925	14.977.889
Sale of sample ceramic and board	71.773	77.763
Professional dues	24.520	24.520
Reflected expenses	565.236	64.732
Other	554.693	704.896
Interest difference expenses	-	658
TOTAL	20.664.679	20.404.687

35. EXPANDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from Investing Activities

	January 01 – December 31, 2015	January 01 – December 31, 2014
Profit on sale of fixed assets	974.013	1.132.906
TOTAL	974.013	1.132.906

Expenses from Investing Activities

	January 01 – December 31, 2015	January 01 – December 31, 2014
Loss on sale of fixed assets	21.000	303.774
Exchange differences expense	3.903.322	21.332
TOTAL	3.924.322	325.106

36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES

Details of expenses classified by principle types in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

Amortization expenses	January 01 – December 31, 2015	January 01 – December 31, 2014
Cost of sales	9.703.573	7.463.200
General administration expenses	1.101.566	1.022.532
Idle capacity expenses and losses	-	8.309
TOTAL	10.805.138	8.494.041

Personnel expenses	January 01 – December 31, 2015	January 01 – December 31, 2014
Cost of sales	38.688.126	31.476.966
Research and development expenses	1.985.843	1.836.323
Marketing, sales and distribution expenses	4.665.826	3.389.364
General administration expenses	5.447.665	4.998.384
Idle capacity expenses and losses	-	67.092
TOPLAM	50.787.460	41.768.129

37. FINANCIAL EXPENSES AND INCOME

Financial Expenses

	January 01 – December 31, 2015	January 01 – December 31, 2014
Bank loan, interest and commission expenses	1.298.920	820.426
TOTAL	1.298.920	820.426

Financial Income

	January 01 – December 31, 2015	January 01 – December 31, 2014
Interest income	397.166	674.666
TOTAL	397.166	674.666

38. ANALYSIS OF OTHER COMPREHENSIVE INCOMES

Details of other comprehensive incomes/(expense) in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

	January 01 – December 31, 2015	January 01 – December 31, 2014
Not to be reclassified on gain / (loss)		
Actuarial gain/(loss) (Note 27)	1.919.578	834.482
Deferred tax revenue/(expense) (Note40)	(383.916)	(166.896)
TOTAL	1.535.662	667.586

39. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (December 31, 2014 None.)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES)

Tax expense/income in comprehensive income statement in periods January 01, 2015 - December 31, 2015 and January 01, 2014 – December 31, 2014 are shown as below:

	January 01 – December 31, 2015	January 01 – December 31, 2014
Current tax provision	(9.715.766)	(10.020.152)
Deferred tax income / (expense)	9.303.367	205.394
TOTAL	(412.399)	(9.814.758)

Current Tax

According to the Corporate Tax Law numbered with 5520, corporate tax rate is 20% in Turkey. This rate is applied by adding deductible expenses, that are not excepted by the tax law to corporate income; and deducting exemptions which place at tax laws (such as affiliation privilege) and using deductions (such as investment incentives).

As of December 30, 2003, the act numbered as 5024 which is released on Official Gazette, related to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law, predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment as of January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements of December 31, 2003.

As of December 30, 2003, the act numbered as 5024 which is released on Official Gazette, related to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law, predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment as of January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements of December 31, 2003. The taxpayers, who have to make inflation adjustment according to the General Communique published by Ministry of Finance as of 28 February 2004, are obliged to adjust only their balance sheets from financial statements if conditions are created for adjustments.

Company will calculate tax base amount for the period according to declaration numbered 338 if there are conditions (such as increase in price index in the last 12 periods at 100% and at 10% in the current period) in line with the adjustments in the Law numbered 5024 and mentioned declarations.

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

75% of profit from sales of property, subsidiary's shares, management shares, shares for which Company has first right of purchase which Company kept in hand at least 2 years is count as exception in condition that they can be kept under a fund account as equity item for 5 years in liabilities and collection of total sales amount has to be finished not exceeding second year after sales made.

Investment Incentive

Investment incentive is outlaw effective as of January 01, 2006. However, in cases where Company's taxable profit is not enough to recover the amount of investment incentive which Company did not get benefit as of December 31, 2005, this investment incentive can be carry forward in order to be deducted from future taxable profit of Company. Moreover this deduction can be made only for profit earned for the years 2006, 2007 and 2008. Investment incentive which could not deduct from profit earned for the year 2008 cannot be carry forward for future periods. As of October 15, 2009 there was a lawsuit in constitutional court related to not to carry forward this investment incentive. According to decision of this law suit, time limitation was no longer applicable for carry forward for future periods because of constitutional rights. As a result of this:

- a- Investments which will start after January 01, 2006 in same scope with already started applications which are made before April 24, 2003,
- b- In scope of cancelled article numbered as 19 in Income Tax Law, exception amount of investment incentive cannot be subjected to any withholding tax. According to the acts which are effective before July 24, 2003, in case of using the right of earned investment incentive, Company will make withholding tax as rate of 19, 8% on used investment incentive exception without distributing or not distributing of profit.

Application of Reduced Corporate Tax

With No 2009/15199 Investments, accordance with State aids decisions, on the large scale investments and regional application invsetments, under with No 5520 Corporate Tax Law 32/a substance, reduced corporate tax aids was taken. According to investment contribution rate which determined on the region of encouragement region, until reaching contributed amount, every year corporate tax in condition of paying the missing amount will be paid are taking advantage of these incentives.

- a) There has been TRY 23.734.252,00 for investment expense in total by Company in line with January 14, 2015 No: 107017 (B) Investment Incentives. Advantage of Reduced Corporate Tax has been used as TRY 427.480 in provision of current period tax, and this amount has been discounted from tax assets.
- b) There has been TRY 23.734.252,00 for investment expense in total by Company in line with January 13, 2016 No: 113948 (C) Investment Incentives. Advantage of Reduced Corporate Tax has been used as TRY 926.524 in provision of current period tax, and this amount has been discounted from tax assets.

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

For both investment incentive certificate, incentive used as discounted corporate tax amounted TL 1.354.004 has been deducted from deferred tax assets. According to Turkish Tax Regulations, loss without exceeding 5 years can be discounted from corporate income for the period. However, loss cannot be discounted from previous year profits.

There is not any application which consists of agreement between companies and tax authority about payables taxes in Turkey. Declaration of Corporate Tax has to give to related tax authority of Company in twenty fifth day of forth month of closed period. Moreover, tax authority can check Company records for 5 years and if there is a mistake, amount of taxes payables can be changed.

Current Tax Expense:

A new regulation has been done for applying aforesaid investment incentive for 2010 and following years gains by law issued in August 1, 2010 dated 6009 numbered official gazette The investment allowance can be used up to 25% of the profit with this arrangement. However, given the Constitutional Court on February 09, 2012 Case No: 2010/93 according to the decision (suspension of execution) and imposed on 100% of the investment incentive from the year 2011 and tax provision is calculated accordingly. Therefore investment incentive withholding tax will be calculated at the rate of 19, 8% of the investment incentive that is used in the scope of No: 61Temporary Income Tax Laws.

	January 01 – December 31, 2015	January 01 – December 31, 2014
Profit / (loss) before tax	51.817.659	50.200.072
Non-deductible expenses	3.531.291	2.735.801
Deductible exeption and discount even so loss	-	(365.568)
Other discounts	(100)	(100)
Corporate Tax Base	55.348.850	52.570.204
Reduced Corporate Tax Base	12.309.127	4.489.896
Corporate Tax	8.607.945	9.616.062
Reduced corporate tax	1.107.821	404.091
Tax Expenses for the Period	9.715.766	10.020.152

As of December 31, 2015, Company has no retained loss which can be deducted from corporate tax for future profits.

Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

Differences in question generally sourced from accounting of expenses and incomes for different reporting periods according to CMB declarations and Tax Law. The rate which is applied for deferred tax receivables and liability is calculated as 20% according to liability methods on temporary differences as of December 31, 2008.

Detail of accumulated temporary differences using tax rates of deferred tax assets and liabilities as of December 31, 2015, and December 31, 2014 are shown as below:

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

	Accumulated Temporary Differences		Tax Rate	Deferred Tax Assets / (Liabilities)	
	31.12.2015	31.12.2014		31.12.2015	31.12.2014
Deferred Tax Assets / (Liabilities)					
Employee benefits	16.626.437	15.113.713	20%	3.325.287	3.022.743
Provisions of debt	2.059.749	1.980.699	20%	411.950	396.140
Provisions of doubtful receivables	992.727	993.852	20%	198.545	198.770
Tangible fixed assets	7.571.361	9.403.898	20%	1.514.272	1.880.780
Intangible fixed assets	(230.391)	76.313	20%	(46.078)	15.263
Inventory	57.559	(439.404)	20%	11.512	(87.881)
Interest differences on sales	520.950	448.468	20%	104.190	89.694
Interest differences on purchases	(293.540)	(198.086)	20%	(58.708)	(39.617)
Reduced Corporate Tax	64.351.828	19.679.971	20%	12.870.366	3.935.994
TOTAL				18.331.336	9.411.885

	31.12.2015	31.12.2014
Opening balance	9.411.885	9.373.387
Current year deferred tax gain/(loss)	9.303.367	205.394
Deferred tax reflected in shareholders' equity(*)	(383.916)	(166.896)
Deferred Tax Assets	18.331.336	9.411.885

(*) TMS It is the amount of deferred tax calculated as actuarial gains/ (loss) in terms of the change of benefit provided for employees in TAS 19.

41. EARNING PER SHARE

	January 01 – December 31, 2015	January 01 – December 31, 2014
Net profit / (loss)	50.877.873	38.319.261
Weighted average number of common share	7.500.000.000	7.500.000.000
Profit/(Loss) Per Share	0,006784	0,005109

42. SHARE BASED PAYMENT

None. (December 31, 2014 None.)

43. CONTRACTS OF INSURANCE

None. (December 31, 2014 None.)

44. EFFECTS OF EXCHANGE RATE CHANGES

None. (December 31, 2014 None.)

45. REPORTING IN THE HYPER INFLATION ECONOMY

Prepared financial tables before the period of January 01, 2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under IAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMB took a decision on March 17, 2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMB (CMB: Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning started on January 01, 2005, Financial Reporting on the high inflation economies standard (IAS 29) that is published by IASC, were not applied.

46. DERIVATIVE INSTRUMENTS

None. (December 31, 2014 None.)

47. FINANCIAL INSTRUMENTS

None. (December 31, 2014 None.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

Credit risk

Credit risks by types of financial instruments are shown as follows:

31.12.2015	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E)*	22.267.075	102.931.235	-	1.713.741	6.930.689	-	7.707.050
-Part of credit risk guaranteed with assurance	-	-	-	-	-	-	-
A. Net book value of not overdue and not impaired financial assets	22.267.075	99.437.000	-	-	6.930.689	-	7.707.050
B. Book value of renegotiated terms; otherwise counted as overdue or impaired financial assets	-	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	2.806.387	-	1.713.741	-	-	-
D. Net book value of assets which are overdue	-	687.848	-	-	-	-	-
-Overdue (gross book value)	-	2.353.573	-	-	-	-	-
-Impairment(-)	-	(1.665.725)	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
E. Items which includes credit risk off-balance	-	-	-	-	-	-	-

(*)While determining the amount, received assurances that increase reliability of credit are not taken into account.

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Credit risks by types of financial instruments are shown as follows:

31.12.2014	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E)*	16.684.387	90.955.001	-	478.169	17.507.300	-	1.570.427
-Part of credit risk guaranteed with assurance	-	-	-	-	-	-	-
A. Net book value of not overdue and not impaired financial assets	16.684.387	88.406.733	-	-	17.507.300	-	1.570.427
B. Book value of renegotiated terms; otherwise counted as overdue or impaired financial assets	-	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	1.679.385	-	478.169	-	-	-
D. Net book value of assets which are overdue	-	868.884	-	-	-	-	-
-Overdue (gross book value)	-	2.535.734	-	-	-	-	-
-Impairment(-)	-	(1.666.850)	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
E. Items which includes credit risk off-balance	-	-	-	-	-	-	-

(*)While determining the amount, received assurances that increase reliability of credit are not taken into account.

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Aging table of overdue but not impaired assets is below:

31.12.2015	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	2.278.265	-	-	-	-	-
Overdue 1-3 months	-	12.500	-	-	-	-	-
Overdue 3-12 months	-	179.021	-	-	-	-	-
Overdue 1-5 years	-	336.601	-	-	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
Part that is guarantied by assurance	-	-	-	-	-	-	-
Total	-	2.806.387	-	-	-	-	-

Aging table of overdue but not impaired assets is below:

31.12.2014	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	1.023.600	-	-	-	-	-
Overdue 1-3 months	-	100.071	-	-	-	-	-
Overdue 3-12 months	-	12.193	-	-	-	-	-
Overdue 1-5 years	-	543.522	-	478.169	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
Part that is guarantied by assurance	-	-	-	-	-	-	-
Total	-	1.679.385	-	478.169	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk table related to derivative and non-derivative financial liabilities is presented below:

31.12.2015

Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
			(I)	(II)	(III)	(IV)
Non-derivative financial liabilities	82.521.519	82.521.519	14.594.953	43.551.369	24.375.197	0
Bank credits	5.946.380	5.946.380	-	4.193.760	1.752.620	-
Financial leasing liabilities		-	-	-	-	-
Commercial debt	75.397.647	75.397.647	13.417.461	39.357.609	22.622.577	-
Other debt	1.177.492	1.177.492	1.177.492	-	-	-
Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
			(I)	(II)	(III)	(IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk table related to derivative and non-derivative financial liabilities is presented below:

31.12.2014

Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
			(I)	(II)	(III)	(IV)
Non-derivative financial liabilities	40.206.893	40.206.893	18.336.112	14.770.253	7.100.528	-
Bank credits	-	-	-	-	-	-
Financial leasing liabilities		-	-	-	-	-
Commercial debt	38.098.011	38.098.011	16.227.230	14.770.253	7.100.528	-
Other debt	2.108.882	2.108.882	2.108.882	-	-	-
Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
			(I)	(II)	(III)	(IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risks represents the changes in interest rate, foreign exchange rate and the value of securities which will affect the Company negatively.

FOREIGN CURRENCY POSITION										
	December 31, 2015					December 31, 2014				
	TRL (Functional currency)	US Dollar	EURO	GBP	Other	TRL (Functional currency)	US Dollar	EURO	GBP	Other
1. Trade receivables	23.984.172	6.450.583	1.322.515	238.573	-	19.328.022	6.490.397	945.168	448.098	-
2a. Monetary financial assets (Cash and banks included)	8.152.784	2.734.927	63.164	-	-	12.764.738	5.407.003	80.278	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	2.932.326	605.537	368.727	-	-	350.208	21.091	106.818	-	-
4. Current assets (1+2+3)	35.069.282	9.791.048	1.754.406	238.573	-	32.442.968	11.918.491	1.132.263	448.098	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	4.335.134	-	1.536.900	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	4.335.134	-	1.536.900	-	-
9. Total assets (4+8)	35.069.282	9.791.048	1.754.406	238.573	-	36.778.102	11.918.491	2.669.163	448.098	-
10. Trade liabilities	42.655.295	20.188	13.337.090	50.378	-	25.971.535	414.100	8.750.723	91.241	-
11. Financial liabilities	4.194.261	-	1.319.946	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	46.849.556	20.188	14.657.036	50.378	-	25.971.535	414.100	8.750.723	91.241	-
14. Trade liabilities	15.965.569	-	5.024.411	-	-	-	-	-	-	-
15. Financial liabilities	1.752.829	602.844	-	-	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Long term liabilities (14+15+16)	17.718.398	602.844	5.024.411	-	-	-	-	-	-	-
18. Total liabilities (13+17)	64.567.954	623.032	19.681.448	50.378	-	25.971.535	414.100	8.750.723	91.241	-
19. Net position of off balance sheet assets and liabilities (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total assetson hand	-	-	-	-	-	-	-	-	-	-
19b. Total liabilities on hand	-	-	-	-	-	-	-	-	-	-
20. Net foreign currency assets and liabilities position (9-18+19)	(29.498.672)	9.168.016	(17.927.042)	188.196	-	10.806.567	11.504.390	(6.081.560)	356.857	-
21. Monetary items net foreign currency assets and liabilities position (=1+2a+5+6a-10-11-12a-14-15-16a)	(32.430.998)	8.562.479	(18.295.768)	188.196	-	6.121.225	11.483.299	(7.725.278)	356.857	-
22. Present value of financial instruments used for foreign currency hedge	-	-	-	-	-	-	-	-	-	-
23. Export	105.718.134	30.514.615	4.388.110	2.320.711	-	84.435.953	29.852.199	3.821.371	2.145.546	-
24. Import	64.859.337	1.728.645	20.456.063	108.848	-	25.516.057	2.972.165	6.486.612	95.274	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Currency Position Sensitivity Analysis

Foreing currency sensitivity analysis				
December 31, 2015				
	Profit/loss)		Equity	
	Increase in value of foreign currency	Decrease in value of foreign currency	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi
Change in US dollar against TRL 20%;				
1- USD net assets/liabilities	5.331.385	(5.331.385)	-	-
2- Amount protected from US Dollar risk (-)	-	-	-	-
3- Net US dollar effect (1+2)	5.331.385	(5.331.385)	-	-
Change in EURO against TRL 20%;				
4- EURO net assets/liabilities	(10.554.141)	10.554.141	-	-
5- Amount protected from EURO risk (-)	-	-	-	-
6- Net EURO effect (4+5)	(10.554.141)	10.554.141	-	-
Change in other currencies against TRL 20%;				
7- Other currencies net assets/liabilities	161.875	(161.875)	-	-
8- Amount protected from Other currencies risk (-)	-	-	-	-
9- Net other currencies effect (7+8)	161.875	(161.875)	-	-
TOTAL (3+6+9+12)	(5.060.882)	5.060.882	-	-
December 31, 2014				
	Profit/loss)		Equity	
	Increase in value of foreign currency	Decrease in value of foreign currency	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi
Change in US dollar against TRL 20%;				
1- USD net assets/liabilities	5.335.506	(5.335.506)	-	-
2- Amount protected from US Dollar risk (-)	-	-	-	-
3- Net US dollar effect (1+2)	5.335.506	(5.335.506)	-	-
Change in EURO against TRL 20%;				
4- EURO net assets/liabilities	(4.297.878)	4.297.878	-	-
5- Amount protected from EURO risk (-)	-	-	-	-
6- Net EURO effect (4+5)	(4.297.878)	4.297.878	-	-
Change in other currencies against TRL 20%;				
7- Other currencies net assets/liabilities	256.659	(256.659)	-	-
8- Amount protected from Other currencies risk (-)	-	-	-	-
9- Net other currencies effect (7+8)	256.659	(256.659)	-	-
TOTAL (3+6+9+12)	1.294.287	(1.294.287)	-	-

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL RISK EXPLANATION)

Current Market Value

Current market value implies prices in a current transaction related to sale and purchase between bidder parties.

Financial assets and liabilities on foreign exchange currency are converted with the rates that are close to market prices at balance sheet date.

Methods and assumptions below are used to predict current market value of each financial instrument when it is possible to determine current market value of these instruments.

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL RISK EXPLANATION) (CONTINUED)

Financial Assets

Values of cash and cash equivalents and their accrued interests, and carrying amount of other financial assets are considered as they are close to their current market value because they are short termed and have little credit risk. Carrying value of trade receivables after deduction of allowance of doubtful receivables is considered as it is close to its current market value.

Financial Liabilities

Carrying values of trade payables and other monetary liabilities are considered as they are close to their current market value since they are short termed. Bank credits are explained as deducted cost and transaction costs are added to their first cost of credit. Carrying value of credits is considered as it is close to its current market value since interest rates are updated considering the change in market conditions. Carrying value of trade payables is considered as it is close to its current market value because of being short termed.

50. POST BALANCE SHEET EVENTS

There are no important issues need to be explained from the balance sheet date until reporting date.

51. MATTERS WHICH IMMENSELY AFFECT FINANCIAL STATEMENTS OR ARE NECESSARY TO MAKE FINANCIAL STATEMENTS CLEAR, COMPREHENSIBLE AND INTERPRETABLE

None. (December 31, 2014 None.)

52. FIRST APPLICATION OF TAS

None. (December 31, 2014 None.)

53. EXPLANATION ABOUT CASH FLOW TABLES

Cash and Cash Equivalents

	31.12.2015	31.12.2014
Cash	4.441	1.308
Banks	6.930.689	12.702.819
-Demand deposit	1.260.869	3.334.463
-Time deposit	5.669.820	9.368.356
Other current assets	7.707.050	4.804.481
-Repo	6.147.928	3.914.509
-POS Accounts	1.559.122	889.972
TOTAL	14.642.180	17.508.608

53. EXPLANATION ABOUT CASH FLOW TABLES (CONTINUED)

-Details of currency of time deposit and currency of repo related to December 31, 2015 are shown as below:

Currency of Repo	Maturity	Interest Rate	31.12.2015 TRY	
TRY	04.01.2016	% 11,25	1.580.000	
TRY	05.01.2016	% 11,70	1.300.000	
TRY	05.01.2016	% 11,75	1.000.000	
TOTAL			3.880.000	

Currency of Repo	Maturity	Interest Rate	31.12.2015 USD	31.12.2015 TRY
USD	04.01.2016	% 0,25	780.000	2.267.928
TOTAL			780.000	2.267.928

Currency of Time Deposit	Maturity	Interest Rate	31.12.2015 USD	31.12.2015 TRY
USD	18.01.2016	%2,60	650.000	1.889.940
USD	15.01.2016	%2,50	1.300.000	3.779.880
TOTAL			1.950.000	5.669.820

-Details of currency of time deposit and currency of repo related to December 31, 2014 are shown as below:

Currency of Repo	Maturity	Interest Rate	31.12.2014 TRY	
TL	02.01.2015	%9,30	2.000.000	
TL	05.01.2015	%11,00	1.300.000	
TOTAL			3.300.000	

Currency of Time Deposit	Maturity	Interest Rate	31.12.2014 USD	31.12.2014 TRY
USD	02.01.2015	%0,40	265.000	614.509
TOTAL			265.000	614.509

Currency of Time Deposit	Maturity	Interest Rate	31.12.2014 USD	31.12.2014 TRY
USD	06.01.2015	%2,50	640.000	1.484.096
USD	12.01.2015	%2,60	750.000	1.739.175
USD	19.01.2015	%2,65	350.000	811.615
USD	27.01.2015	%2,60	2.300.000	5.333.470
TOTAL			4.040.000	9.368.356

53. EXPLANATION ABOUT CASH FLOW TABLES (CONTINUED)

Annual movements that do not create any inflow or outflow of cash in cash flow tables.

	31.12.2015	31.12.2014
Adjustments of Reconciliation of the Period Net Profit/Loss	18.245.731	28.933.325
Depreciation and amortization adjustments	11.040.678	9.828.763
Allowance for decrease in value of inventories		
- Provision for impairment of inventories	(4.702)	(25.132)
Provision adjustments		
- Provision for termination indemnities	2.209.161	1.774.377
- Provision for taxes	9.715.766	10.020.152
- Provision for unused vacations	388.660	38.474
- Provision for lawsuit expenses, Net	79.050	773.390
- Provision for doubtful receivables	(1.125)	1.666.850
- Interest differences on sales	738.577	448.469
- Interest differences on purchases	(293.540)	(198.086)
- Rediscount of notes payables	(217.318)	(160.982)
- Rediscount of notes receivables	2.820.982	1.792.745
Adjustments of interest income and expenses		
- Interest income/Income Accrual	154.335	121.428
- Expense accrual (Interest and Other)	293.702	52.351
Adjustments of tax income/expense	(8.919.451)	(38.498)
Adjustments to profit/loss of fixed asset disposals	240.956	2.839.024

54. EXPLANATIONS ABOUT CHANGES IN EQUITY STATEMENT

The Company's equity change table is presented appropriately for explanatory notes and financial tables of basis according to the statement which was published on Weekly Newsletter No: 2103/19 by CMB on July 07, 2013.

The effect of accumulated profits/losses account that is composed of the differences of accounting politics explained on Note 2; and the effects of other accumulated comprehensive income/expense that will not be reclassified as profit or loss on comprehensive income statement are shown in the Changes in Equity Statement.

55. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The data which is calculated by ignoring the financial, tax and amortization expenses, is an indicator of the Company's. This financial data is used by the financial institutions in order to measure the ability of loan payments and it is illustrated in the financial statements separately. However, EBITDA should not be considered as free from the other financial data. It should not be evaluated as an alternative to the net profit / (loss), company, net cash inflows earned from the company, investment and other financial operations. It is not an alternative indicator to the financial data which is obtained from the financials prepared in accordance with the TMS / TFRS or Company's operational performance. This financial information should be evaluated by taking into consideration the other financial informations which is taken part in the income statement.

Earnings before interest, tax and amortization amount as of December 31, 2015 is 66.183.013 TL. (December 31, 2014: 57.300.742 TL)

**55.EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION EBITDA
(CONTINUED)**

	31.12.2015	31.12.2014
Operating Profit / (Loss)	55.142.335	47.471.979
Amortization	11.040.678	9.828.763
EBITDA	66.183.013	57.300.742

56. ENTITY MERGERS

None. (December 31, 2014 None.)