

EGE PROFİL
TİCARET VE SANAYİ A.Ş.

ANNUAL | 2016
REPORT



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CALL FOR THE ORDINARY GENERAL MEETING OF EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ FOR THE ACTIVITY YEAR OF 2016

The board of directors has resolved that the Ordinary General Meeting for the activity year of 2016 shall be held on 25.04.2017 at 11.00 in Atatürk Plastik Organize Sanayi Bölgesi Mah. 5. Cad. No. 4 Menemen, İzmir in order to discuss and adopt resolutions on the following agenda items.

The shareholders may attend the General Meeting in person or by their proxies or as an alternative, the shareholders may attend the General Meeting in person or by their proxies through the Electronic General Meeting System provided by the Central Registry Agency by means of using their secure electronic signatures. The shareholders may appoint their proxies by means of using the Electronic General Meeting System or to that end, the shareholders may complete the proxy form, a template of which is provided hereunder, or the proxy form accessible from the registered office or the web site: www.egeprofil.com.tr by means of having their signatures notarized or adding their notarized list of authorized signature to the proxy signed by them, pursuant to the pertinent provisions of the Capital Market Board's Communique No. II-30.1 "Voting by Proxy and Collection of Proxy by Call" published on the Official Journal no. 28861 on 24.12.2013. The shareholders are hereby kindly reminded that such proxies issued not in compliance with the following template as required by the said Communique shall not be accepted due to the pertinent provisions of the respective regulations. A proxy appointed electronically through the Electronic General Meeting System shall not be required to submit a proxy document.

The shareholders who prefer to attend the general meeting electronically through the Electronic General Meeting System may obtain information in respect of the methods and procedures in connection with participation, appointment of proxies, submission of proposals, expression of opinions and voting from the web site of the Central Registry Agency: <http://www.mkk.com.tr>.

The shareholders, who prefer to attend the meeting electronically, or their proxies shall be required to fulfill their respective obligations as per the pertinent provisions of the "Regulations on General Meetings Electronically Held for Joint Stock Companies" published on the Official Journal no. 28395 on August 28, 2012 and, of the "Communique on the Electronic General Meeting System for Joint Stock Companies" published on the Official Journal no. 28396 on August 29, 2012.

Those who shall attend the General Meeting shall present:

- The identification cards in case of a real person
- The identification cards of those authorized to represent and bind as well as their authorizations in case of a legal entity,
- The identification cards and authorizations in case of representatives of real person and legal entity shareholders,
- The identification cards in case of a proxy appointed through the Electronic General Meeting and, signing the list of attendants.

The following documents shall be made available for examination by the shareholders at the registered office located in Atatürk Plastik Organize Sanayi Bölgesi Mah. 5. Cad. No. 4, Menemen, İzmir and the web site: www.egeprofil.com.tr : Annual Report of the Board of Directors, Auditor's Report, Financial Statements, Independent Audit Company Report, proposal of the Board of Directors not to distribute the profit, Draft Amendment to the Articles of Association for the activity year of 2016 and, general meeting information document issued pursuant to the Corporate Governance Communique No. II-17.1.

Save for the provisions in respect of voting electronically at the General Meeting, the method of vote by show hands and open ballot shall be applied for the voting on the agenda items.

Kindly submitted to informing the shareholders accordingly.

Yours respectfully,

EGE PROFİL TİCARET VE SANAYİ A.Ş.
Board of Directors

AGENDA OF THE GENERAL MEETING OF EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ FOR THE ACTIVITY YEAR OF 2016

1. Opening, election and authorization of the Meeting Committee to sign the minutes,
2. Reading the Annual Report of the Board of Directors for the fiscal period of 2016,
3. Reading the Independent Audit Report for the fiscal period of 2016,
4. Reading, deliberating and approving the Financial Statements for the fiscal period of 2016,
5. Release of the members of the Board of Directors due to their activities during their terms of office,
6. Election of and, determination of the remuneration for the members of the Board of Directors,
7. Discussions on the proposal of the Board of Directors concerning profit distribution for the fiscal period of 2016 as prepared by the "Division Policy of the Company",
6. Election of and, determination of the remuneration for the members of the Board of Directors,
8. Approval of the Independent Audit Company designated by the Board of Directors as per the pertinent provisions of the Turkish Commercial Code and the Capital Market Board and, authorizing the Board of Directors to pay the Independent Audit Company the respective remuneration,
9. Amendment to the articles 4 and 6 of the articles of association – the previous form and new form is attached hereto – in accordance with the respective permits of the Republic of Turkey Presidency Capital Market Board and the Ministry of Customs and Trade,
10. Informing the shareholders about the donations by the company within the year as per the respective donation policy and, determination of the limits on the donations for the next year,
11. Granting permission to the shareholders with the right to control the management, the members of the Board of Directors, the executives with administrative responsibilities as well as their spouses and relatives by blood and marriage up to second level within the framework of the articles 395 and 396 of the Turkish Commercial Code and, providing information on the procedures and transactions as set forth under the article (1.3.6) of the Capital Market Board Corporate Governance Principles,
12. Informing the shareholders about the transactions with related parties in 2016 in accordance with the respective regulations of the Capital Market Board,
13. Informing the shareholders about whether any income or benefit has been obtained with guarantees, liens and securities issued in favor of third parties in 2016,
14. Wishes and Recommendations,
15. Closing.

PROXY

TO THE CHAIRMAN'S OFFICE OF THE BOARD OF DIRECTORS OF EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ

I hereby appoint as proxy to represent me at the Ordinary General Meeting of EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ to be held on 25.04.2017 at 11.00 in Atatürk Plastik Organize Sanayi Bölgesi Mah. 5. Cad. No. 4 Menemen, İzmir; to vote; to submit proposals and, sign the required documents in accordance with the opinions I have provided hereunder.

Proxy's(*):

Full Name / Corporate Name:

Turkish ID No. / Tax ID No., Trade Registry and Number and MERSİS Number:

(*) For foreign national proxies, the equivalents to the said documents must be submitted.

A) SCOPE OF THE REPRESENTATION AUTHORITY

Please indicate the scope of the representation authority by means of choosing the option (a), (b) or (c) for the following sections no. 1 and 2.

1. About the Agenda Items of the General Meeting;

- Proxy is authorized to vote in accordance with their own opinions.
- Proxy is authorized to vote in accordance with the proposals of the shareholder management.
- Proxy is authorized to vote in accordance with the instructions contained in the following table.

Instructions:

In case the shareholder choses the option (c), the shareholder should check one of the options (accept or refuse) and in case the option "refuse" is checked, the dissenting opinion should be indicated accordingly.

Agenda items (*)	Accept	Refuse	Dissenting opinion

(*) The agenda items are arranged in order one by one. In case of a separate resolution draft by the minority, this should be separately indicated to ensure voting by proxy.

2. Special instructions concerning other issues that may arise during the general meeting especially about exercise of the minority rights:

- Proxy is authorized to vote in accordance with their own opinions.
- Proxy is not authorized in these respects.
- Proxy is authorized to vote in accordance with the following special instructions.

SPECIAL INSTRUCTIONS; all special instructions, if any, by the shareholder to their proxies are indicated here.

B) The shareholder indicates the shares to be represented by the proxy by means of choosing one of the following options.

1. I hereby approve that my proxy shall represent my shares indicated below.

- Order and serial:*
 - Number/ Group:**
 - Number-Nominal Value:
 - Whether there is any privilege for voting:
 - Whether Bearer or Registered:*
 - Ratio to the total shares/voting rights held by the shareholder:
- *This information is not requested by shares monitored by records.
**Indicate the information about the group instead of number for shares monitored by records.

2. I hereby approve that my proxy shall represent all of my shares indicated in the list of shareholders entitled to attend the general meeting as prepared by the Central Registry Agency one day before the general meeting.

SHAREHOLDER'S NAME or CORPORATE NAME (*)

Turkish ID No. / Tax ID No., Trade Registry and Number and MERSİS Number:.....

Address:.....

(*) For foreign national proxies, the equivalents to the said documents must be submitted.

SIGNATURE



The General Director of Ege Profil San. Ve Tic. A.Ş.
Ergün Çiçekçi

Our Distinguished Investors;

We left behind a year full of political and economic difficulties, which were deeply felt by our sector. We as, Ege Profil Tic. ve San. A.Ş., have continued our studies and still continuing them so that we won't experience such difficulties in the future and our family will continue its activities with a strong stand.

As we left behind a year where our sector shrank but our company grew, we took firm steps for the next period in order to solidify the trust of our investors and consumers.

We as Ege Profil Tic. ve San. A.Ş., feel the excitement of commissioning our new factory in this year, the construction of which we initiated to mold the future of our sector and protect our leadership.

With this facility, Turkey, which is central to the Deceuninck Group, will further increase its importance, double its production capacity and manufacture the world's windows from Turkey. The logistics center of our new factory is erected on a closed area of 22.300 m2 on a 30.000 m2 land in the Menemen Organized Industrial Zone. Our factory's managerial headquarters is erected on a closed area of 56.000 m2 on a 80.000 m2 land. With this new plan, it will be the most modern factory that can manufacture PVC doors and window profiles under a single roof.

Further to these successful achievements, we move towards new targets in the accompany of you, our valuable investors. While our country experiences a challenging period, we will inspire our sector and open new horizons during 2017 as a leading company in the PVC sector.

I hereby extend my gratitude to all employees and business partners of the Ege Profile Family.



REPUBLIC OF TURKEY
THE MINISTRY OF CUSTOMS AND TRADE
THE DIRECTORATE OF DOMESTIC TRADE

Republic of Turkey, the Ministry of Customs
and Trade The Directorate of Domestic Trade,
Department of Companies
Date: 31 March 2017, 16:44
Number: 50035491-431.02-E-00023875145



Number : 50035491-431.02

Subject : Amendment of Articles of Association

TO: EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ

A.O.S.B. 10003 Sk. No:5 35620,
Çiğli / İZMİR

Reference:

- Your Letter Dated 27 March 2017
- Your Letter Dated 31 March 2017

Amending Articles 4 and 6 of your Company's Articles of Association has been permitted as per provision by Article 333 of the Turkish Commercial Law numbered: 6102 and the Letter dated: 27 March 2017 and numbered: 3838 of the Capital Markets Board.

The attached amendment draft, a copy of which is sent in the attachment after certification with the seal of our General Directorate, should be should be registered by the relevant trade registration directorate and proclaimed in the Turkish Trade Registration Gazette within due time following its approval in the general board meeting that is to be summoned to meeting as per provisions by the Law Numbered: 6102, and in case there are privileged shareholders and their rights are violated then, within the framework of Article 454 of the said Law, following the special meeting of the privileged shareholders' board.

Kindly submit your attention and request you to do the needful.

Adem BAŞAR,
Deputy General Director,
on behalf of the Minister

[The original copy of the
document is signed electronically]

Attachment: Amendment Draft (1 pc)

Dumlupınar Bulvarı No:151 B Blok 06800 Çankaya/ANKARA
Tel:0312 449 48 52

Bilgi İçin: CAFER HORZUM Gümrük ve Tic. Uzman Yrd.
Evrakın elektronik imzalı suretine <http://e-belge.gtb.gov.tr> adresinden 4e7d58f0-0a49-4f92-acc6-dc6d1d8e4aba kodu ile erişebilirsiniz.
REJİJENİN ASLI ELEKTRONİK İMZALI DİR

E-Posta:c.horzum@gtb.gov.tr
Fax:03120 449 48 05

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ

Amendment Text for the Articles of Association

OLD FORMAT	NEW FORMAT
<p>Article 4 - The Headquarters and Branches of the Company</p> <p>The headquarters of the company is in İzmir. It is address is Atatürk Organize Sanayi Bölgesi 10003 Sokak No:5 Çiğli. In the event of address change, the new address shall be registered with the Trade Registration Office, proclaimed in the Turkish Trade Registration Gazette and notified to the Capital Markets Board and the Ministry of Industry and Trade. Any notification to the registered and proclaimed address shall be deemed to be made to the Company. In the event that the Company fails to have its new address registered despite having left its registered and proclaimed address, such case shall be deemed a reason of termination for the same. The Company may open branches within the country and abroad on condition that it notifies the Ministry of Industry.</p>	<p>Article 4 - The Headquarters and Branches of the Company</p> <p>The Company Headquarters is in İzmir. Its address is Atatürk Plastik Organize Sanayi Bölgesi Mah. 5. Cad. No:4 Menemen. In the event of address change, the new address shall be registered with the Trade Registration Office, proclaimed in the Turkish Trade Registration Gazette and notified to the Capital Markets Board and the Ministry of Customs and Trade. Any notification to the registered and proclaimed address shall be deemed to be made to the Company. In the event that the Company fails to have its new address registered despite having left its registered and proclaimed address, such case shall be deemed a reason of termination for the same. The Company may open branches within the country and abroad on condition that it notifies the Ministry of Industry.</p>
<p>Article 6 - Capital of the Company</p> <p>The company accepted and initiated Registered Capital System in accordance with the provisions of the Capital Market Law Numbered: 2449 and with the permission dated 20.07.1995 and numbered 980 of the Capital Markets Board. The registered capital of the company is 120.000.000 (A Hundred and Twenty Million) Turkish Liras, which is divided into 12.000.000.000 (Twelve Billion) shares each having a nominal value of 1 (One) Kuruş.</p> <p>The permission for registered capital ceiling that is issued by the Capital Markets Board is valid for a period of 5 (Five) years between 2013-2017. In order that the Board of Directors can resolve to increase the capital ceiling after 2017, it should initially obtain permission from the Capital Markets Board for the previously issued ceiling or for a new ceiling and should obtain authorization from the General Board for a new duration, which should not exceed 5 years, even if the permitted registered capital ceiling was not reached at the end of 2017.</p> <p>If this authorization is not obtained, then the Company will be deemed to have left the registered capital system.</p>	<p>Article 6 - Capital of the Company</p> <p>The company accepted and initiated Registered Capital System in accordance with the provisions of the Capital Market Law and with the permission dated 20.07.1995 and numbered 980 of the Capital Markets Board. The registered capital of the company is 120.000.000 (A Hundred and Twenty Million) Turkish Liras, which is divided into 12.000.000.000 (Twelve Billion) shares each having a nominal value of 1 (One) Kuruş.</p> <p>The permission for registered capital ceiling that is issued by the Capital Markets Board is valid for a period of 5 (Five) years between 2017-2021. In order that the Board of Directors can resolve to increase the capital ceiling after 2021, it should initially obtain permission from the Capital Markets Board for the previously issued ceiling or for a new ceiling and should obtain authorization from the General Board for a new duration, which should not exceed 5 years, even if the permitted registered capital ceiling was not reached at the end of 2021.</p> <p>If this authorization is not obtained, capital may not be increased by a resolution by the board of directors.</p> <p>The issued capital of the company is 79.600.000 (Seventy-Nine Million and Six Hundred) Turkish Liras. The previous capital of 59.566.900,00 TL (Fifty-Nine</p>

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

The previous capital of 59.566.900,00 TL (Fifty-Nine Million, Five Hundred and Sixty-Six Thousand and Nine Hundred) Turkish Liras has been completely paid in a manner free from collusion. The entirety of 20.033.100.-TL, which was increased at no charge this time, was met by adding to the capital the previous years' profits, which are included within internal assets. The shares representing the capital are as follows: Type, Number of Shares (Pcs), Share Amount (TL) Bearer, 79.600.000, 79.600.000.-

Million, Five Hundred and Sixty-Six Thousand and Nine Hundred) Turkish Liras has been completely paid in a manner free from collusion.

The entirety of 20.033.100.-TL, which was increased at no charge this time, was met by adding to the capital the previous years' profits, which are included within internal assets. The shares representing the capital are as follows: Type, Number of Shares (Pcs), Share Amount (TL) Bearer, 79.600.000, 79.600.000.-

When necessary, the company's capital maybe increased or decreased as per the provisions by the Turkish Commercial Law or the Capital Markets Legislation.

Between 2013 - 2017, the Board of Directors may increase the issued capital by issuing bearer shares each having a nominal value of 1 Kr (One Kurus), on the condition to be limited by the registered capital ceiling written above. When necessitated by the Capital Board regulations, the price of issued shares shall be collected in cash and in advance. Unless the issued shares are entirely sold and their prices are paid, no new shares may be issued.

While in accordance with the provisions of the Turkish Commercial Law and the Capital Markets Law, the Board of Directors is authorized to resolve to perform capital increase by issuing shares over preferred or nominal values or by limiting the rights of shareholders to purchase new shares and to increase the issued capital. The authority to limit the purchasing of new shares may not be used in a manner that causes inequality between shareholders. The resolutions taken by the board of directors relying on such authorities and resolutions on capital increase are announced to the public as an explanation on special situations.

Regulations by the Capital Markets Board on the dematerialization of shares and dematerialized securities shall be adhered to.

The shares representing the capital are followed on records within the framework of dematerialization principles.

When necessary, the company's capital maybe increased or decreased as per the provisions by the Turkish Commercial Law or the Capital Markets Legislation.

Between 2017-2021, the Board of Directors may increase the issued capital by issuing bearer shares each having a nominal value of 1 Kr (One Kurus), on the condition to be limited by the registered capital ceiling written above. When necessitated by the Capital Board regulations, the price of issued shares shall be collected in cash and in advance. Unless the issued shares are entirely sold and their prices are paid, no new shares may be issued.

While in accordance with the provisions of the Turkish Commercial Law and the Capital Markets Law, the Board of Directors is authorized to resolve to perform capital increase by issuing shares over preferred or nominal values or by limiting the rights of shareholders to purchase new shares and to increase the issued capital. The authority to limit the purchasing of new shares may not be used in a manner that causes inequality between shareholders. The resolutions taken by the board of directors relying on such authorities and resolutions on capital increase are announced to the public as an explanation on special situations.

Regulations by the Capital Markets Board on the dematerialization of shares and dematerialized securities shall be adhered to.

The shares representing the capital are followed on records within the framework of dematerialization principles.

24 March 2017, 30 March 2017
(Seal by the Capital Markets Board)
(Signature and Corporate Seal of EGE PROFİL
TİCARET VE SANAYİ ANONİM ŞİRKETİ)



Güney Bağımsız Denetim ve
SMMM AŞ
Eski Büyükdere Cad.
Orjin Maslak No 27
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İstanbul - Turkey

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ey.com
Ticaret Sicil No: 479920-427502

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Ege Profil Ticaret ve Sanayi A.Ş.

Report on the Audit of the Annual Report of the Board of Directors in accordance with the Independent Auditing Standards

We have audited the annual report of Ege Profil Ticaret ve Sanayi A.Ş. ("the Company") and its subsidiaries (together referred to as "the Group") for the year ended December 31, 2016.

The responsibility of the Board of Directors on the Annual Report

In accordance with Article 514 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Company is responsible for the preparation and fair presentation of the annual report consistent with the financial statements and for the internal controls considered for the preparation of a report of such quality.

Responsibility of the Independent Auditor

Our responsibility is to express an opinion, based on the independent audit we have performed on the Company's annual report in accordance with article 397 of the TCC and the Communiqué, on whether the financial information provided in this annual report is presented fairly and consistent with the Company's financial statements there on which auditor's report dated February 23, 2017 has been issued.

Our independent audit has been performed in accordance with the Independence Auditing Standards as endorsed by CMB and Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the consolidated financial statements. This independent audit involves the application of auditing procedures in order to obtain audit evidence on the historical financial information. The selection of these procedures is based in the professional judgment of the independent auditor. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited consolidated financial statements in all material respects.

Independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code ("TCC") 6102, within the framework of the Independent Auditing Standards 570 "Going Concern no material uncertainty has come to our attention which causes us to believe that the Company will not be able to continue as a going concern in the foreseeable future.

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

Ethem Kutucular, SMMM
Partner

February 23, 2017
Istanbul, Turkey

A member firm of Ernst & Young Global Limited



Part 1

GENERAL INFORMATION

Official Title	Ege Profil Ticaret ve Sanayi A.Ş.
Reporting Period	January 01 - December 31, 2016
Upper limit of Registered Capital	120.000.000,00 TL
Issued Capital	79.600.000,00 TL
Date of Registration	January 13, 1981, Turkey
Company Headquarters	Atatürk Organize Sanayi Bölgesi 10003 Sokak No: 5 35620 Çiğli / İZMİR
Tax Office & Tax ID Number	Hasan Tahsin 325 005 4933
Trade Registration Number	Karşıyaka 10289/K-2159
Mersis Number	9186812149996104
Trade Registration Office	İzmir
Corporate Website	www.egeprofil.com.tr
Manufacturing Plant	İZMİR FABRİKA Atatürk Organize Sanayi Bölgesi 10003 Sokak No: 5 35620 Çiğli / İZMİR T: 0 232 398 98 98 F: 0 232 398 99 83
Manufacturing Plant	İZMİT (KOCAELİ) FABRİKA Kızılcıklı Mahallesi İnönü Caddesi Suadiye Yolu Üzeri No:1 KARTEPE / İZMİT (KOCAELİ) Tel: 0 262 371 57 27 / Fax: 0 262 371 57 28
India Branch	523 B Block, Mannur Village Sriperumpudur Talu 602 105 INDIA Tel_Fax No: + 919717707732
Chile (Subsidiary)	Centro Industrial Lo Boza 3G-3H Volcan Lascar 801 Pudahuel Santiago / CHILI Tel_Fax No: +56951498754
Brazil (Subsidiary)	Deceuninck Brasil Rua Doutor Rodrigo de Barros 216 CNP J 14.893.727/0001-50

REGARDING EGE PROFIL AND ITS AREA OF ACTIVITY

Ege Profil Ticaret ve Sanayi A.Ş. (the Company) is a company registered in Izmir. Principle area of activity for the Company is the manufacturing and sale of all types of plastic pipes, spare parts and all types of profiles and plastic goods.

Founded in 1981, Ege Profil, a leading figure in the Turkish PVC Profile Sector, continues its investments empowered by its brand history over a thirty years. The dynamics of the sector have changed significantly in 2000, following the acquisition of the majority shares of our Company by the Deceuninck Group, one of the largest PVC Profile manufacturers in the world.

In 2004, with an agreement signed with Pilsa A.Ş., all commercial activities under the trade mark Winsa were transferred to Ege Profil Ticaret ve Sanayi A.Ş. Manufacturing activities under the brand name Winsa have commenced in 2008 at Winsa Kocaeli Facilities, that are constructed with state-of-the-art technology.

The confidence and market know-how associated with the Egepen Deceuninck and Winsa brands; were integrated with the customer-oriented approach, sense of high technology and quality possessed by the Deceuninck Group. Deceuninck NV, a group that is integrated worldwide, specializes in compound, design, development, extrusion, finishing and recycling areas. The Group summarizes its quality and service approach as a "passion to achieve excellence".

Ege Profil has demonstrated high performance since 2001, achieving a continuous growth. Behind this success, the role of the market experience and the employee motivation is significant. In the company where a flat organization structure is prevalent, employees from all levels are encouraged by the management in taking initiatives, as well as sharing their authorities and responsibilities.

The young and dynamic personnel of Ege Profil continue to set trends in the Turkish market, aligned with the global leadership mission of Deceuninck. Training opportunities provided to the employees, the importance placed on R&D activities, quality policies that are being implemented, and the large know-how sharing help secure the inevitable success of the Group.

Our Company operates in the PVC profile sector under two brand names, Egepen Deceuninck and Winsa. The products, production facilities and sales-marketing channels of both brands are established separately.

The factory in Izmir, with an indoor area of 15,000 m2 and a machinery pool with a capacity of 59.841 tons, manufactures Egepen Deceuninck products without compromising the worldwide quality standards in manufacturing and utilizing eco-friendly processes; whereas the Kocaeli (Izmit) factory is manufactures Winsa products with an indoor area of 34.231 m2 and a machinery pool with a capacity of 41,490 tons. Moreover, both brands have Regional Directorates in Izmir, Istanbul, Ankara and Adana. There are up to 250 manufacturer dealerships and around 550 sales points for the Winsa brand, while up to 450 manufacturer dealerships and around 1850 sales points for the Egepen brand. As Ege Profil, our position in the world market is gradually moving up day by day.

Having commenced its operations as a branch with one warehouse in India, Ege Profil participated in the company titled Deceuninck Importadora Limitada in Chile with 99.9% shares in the year 2013 and continued its operations in developing markets in 2014 with the acquisition of Althera PVC LTDA, a firm operating as a distributor in Brazil.

In 2013, with our Winsa brand, we have entered in the aluminum industry.

With new products and technological developments, dealership training seminars, on-the-job business training sessions and technical publications, the customer expectations are being met at the highest level. Today, having the widest product range in the industry, our company performs manufacturing activities using more than three hundred PVC profile molds that are developed in-house. Our growing sales figures, supported by the confidence our dealers have in our brands and their efforts to meet customer expectations, establishes our dominance over our competitors.

In the year 2015, we have decided to move our Izmir Facility in which we operate since 1981, to the Menemen Plastics Specialized Organized Industrial Zone, to enable the implementation of changing technologies and due to the infrastructure it offers. Construction works have commenced in August 2015 for the facility to be constructed as an indoor area of 67,000 m2 over a total open area of 110,000 m2. With the new facility, the objective is to increase the capacity of the existing Izmir facility to 65.000 tons/year in the first stage and maintain the power of Ege Profil in terms of tonnage and quality in domestic and overseas markets.

Among the countries with which we conduct import and export operations are European countries, American countries, Asian countries, African countries and the continent of Australia.

THE COMPANY'S MISSION, VISION AND STRATEGIC OBJECTIVES

For a sustainable future,

Why? Our Main Objective;

Innovative and Pioneering

Our goal is to convey our knowledge and expertise to your residences and to increase the comfort of your lives with the support of our expert staff and by manufacturing high quality and innovative products. We are working intensely to protect your residences and your loved ones from the adverse external conditions and we are offering you our new products by keeping up with the state-of-the-art technologies. As the manufacturing, installation and maintenance of our systems are considerably simple, all our products are manufactured in a manner that would meet your highest expectations in order to achieve maximum customer satisfaction.

Ecology

Our goal is to support all our customers to ensure an efficient energy use in the construction of the structures. That's why all our products are well insulated, durable and low-maintenance. In order to preserve the nature's form, our products are manufactured to cause minimum ecological footprint and have a recyclable structure.

Design

Our goal is to help you express your own style in the architecture and improve the beauty of your living spaces. Our products have a timeless design which will meet your expectations with its wide range of colors including the colors of nature, and with its natural textured and unique surface finishes.

Our Employees and Customers

We create a transparent, honest and sincere work environment for all our employees and all our customers. In this way we establish long lasting relationships and keep employees' and customers' satisfaction at the highest levels. We place importance in quality, safety, environment and people, and we work with a team spirit.

How? Our Main Values

Integrity

We always tell the whole truth, and act frankly and sincerely throughout the entire communication process.

We provide direct and positive feedback in our relations with our cooperative partners.

We act together with our employees and partners with a team spirit.

When we take corrective and preventive actions, we admit our mistakes honestly and defend the truth to the end.

We say what we mean and we mean what we say. That's what makes us unique.

High Performance

Our performance is regularly measured by our personnel, our customers, the society and our shareholders.

With our passion to reach excellence we endeavor in all our business processes for continuous growth, and we proceed on our path with success without deviating from our main goals, values and vision.

We do what we say, we share what we do; this sums up our sense of responsibility and discipline.

While aiming for high performance our priorities are always: Human, Environment, Quality, Service and Profit (HEQSP), in that order.

Profit is essential for a company to ensure its continuity.

During all stages of our business from production to after-sales period, we work to improve our performance every day.

Entrepreneurship

We are open to the world and to all ideas. We recognize opportunities and we make use of them.

We create a trusting environment in terms of exercising authority, we anticipate the risks and manage all processes successfully by taking initiative. We embrace the business as our own business. We respect the decisions of all our employees, we encourage them to take responsibility and appreciate their efforts afterwards.

What? Our Passion

Our Culture

As a result of the corporate culture we've established, all our employees and partners end up being proud of working together. They perform their work in accordance with the principles of integrity, high performance and entrepreneurship.

Durable, Eco-Friendly Products

We strive to manufacture well-insulated, durable, high quality and recyclable products.

Leadership In The Industry

Our company is one of the leading organizations in its industry. It is among the top three companies with its broad market share. The basis for this achievement is high performance in quality and services and customer relations that are based on mutual trust.

A Powerful Financial Structure

Our company has a sustainable powerful financial structure. We transform all our activities to fiscal targets and successfully accomplish all of our goals.

CAPITAL AND SHAREHOLDING STRUCTURE

As of December 31, 2016 and December 31, 2015, the shareholding structure of the Parent Company is as follows:

Name	Shareholding Percentage	Shareholding Percentage
Deceuninck N.V	% 97,54	% 97,54
Public Offering	% 2,46	% 2,46
Total	% 100,00	% 100,00

As of December 31, 2016, 2,46% of the Parent Company shares are being traded on Istanbul Stock Exchange.

**QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND AUTHORITIES
AND RESPONSIBILITIES OF THE EXECUTIVES**

Members of board of directors and supervisors were determined at the Ordinary General Assembly Meeting on May 29, 2016; and they were elected to serve until the next ordinary general assembly meeting to be held in relation with the 2016 activities.

The Board of Directors

Francis Van Eeckhout	Chairman of the Board of Directors
Ergün Çiçekçi	Vice-Chairman of the Board of Directors
Wim Georges Clappaert	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee Responsible for Auditing

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee for The Early Detection of Risks

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director
Nurcan Güngör	Finance and Accounting Manager
Gülşah Karan	Finance Manager

The Corporate Governance Committee

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Francis Van Eeckhout	Chairman of the Board of Directors
Gülşah Karan	Finance Manager

Independent Auditing Company and Responsible Joint Chief Auditor

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.	Responsible Joint Chief Auditor
Ethem Kutucular	

**BENEFITS GRANTED TO THE MANAGING BODY AND
THE TOP EXECUTIVES (CONTINUED)**

As of December 31, 2016, the sum total of the salaries and similar benefits provided to the Chairman of the Board and the members of the board, and top executives such as the general manager, general coordinator, assistant general managers during the current period amount to a total of 7.673.825 TL (December 31, 2015 - 5.835.250 TL).

Our company's top executives and assignment of their duties are as follows.

Ergün Çiçekçi	Member of the Board of Directors and the General Manager
Nurcan Güngör	Director of Financial Affairs
Koen Kurt Vergote	Financial Analysis and Budget Manager
Tamer Özen	Marketing and Sales Manager (Egepen Deceuninck)
Vehbi Cem Korkmaz	Marketing and Sales Manager (Winsa)
Etem Gökmen	Business Manager KYS Representative (Egepen Deceuninck)
Nuri Aslan	Factory Manager (Winsa)
Ziynet Gitmez	Human Resources Manager
Hakan Nurhan	Aluminum Joinery Systems Marketing and Sales Department Manager

Curriculum Vitae of the Members of the Board of Directors

Francis Josef Willem Antoon Van Eeckhout

Francis Josef Willem Antoon Van Eeckhout (1968) Comm. V, CEO permanent representative

Francis Josef Willem Antoon Van Eeckhout obtained a Master of Commercial Engineering at the Catholic University of Leuven in 1990.

In 1991 he obtained a licentiate in Applied Marketing in Aix en Provence. In 1992 he obtained a licentiate in Accountancy at the WHU in Koblenz.

From 1992 till 1993 he worked at the marketing department of Bahlsen Keksfabrik in Hannover.

From 1994 till 2011 he was managing director of Van Eeckhout NV (concrete), VVM NV (cement), Diamur NV (mortar) and Nivelles Beton NV (concrete).

Since 2012 he is managing director of Gramo BVBA (holding).



Wim Georges Clappaert'I

Wim Clappaert'I (1967), Director of Operations and Technology

He graduated from the Catholic University of Leuven Business Management program, and obtained a Master of Science degree in Mechanical Engineering. He started his career at Deceuninck in 1992. In 1996, he became the Production Manager of the Wilmington, Delaware (USA) Acro Extrusion facilities and demonstrated the best practices of Deceuninck.

In 1997, he was appointed as the Deceuninck Director of Operations in North America, Monroe, Ohio.

In 2000 he returned to Belgium and was appointed as the General Manager for the extrusion facilities located in Gits. In 2007 he left Deceuninck to serve as the Operations Director for the Insulation department of the company Unilin.

Wim Clappaert, has returned to Deceuninck as the Director of Operations and Technology as of December 1, 2014 and is currently holding administrative office.



Ergün ÇİÇEKÇİ

General Manager

He was born in Ödemiş, in 1954.

In 1975, he graduated from Istanbul Technical University, Mechanical Engineering program.

In 1979, he completed his graduate degree in Aston University which is located in Birmingham.

After completing his military service in 1981, he started working in the plastics industry and continued his career on various capacities and responsibilities in Mazhar Zorlu Group.

Since 1994, he has been serving as the General Manager of Ege Profil A.Ş.

Ergün Çiçekçi is a member of the Board of Directors since 2001.



Marcel Klepfisch SARL (Independent Member)

Marcel Klepfisch SARL permanent representative

Marcel Klepfisch graduated from the University of Antwerp – Faculty of Commercial Engineering.

Having extensive experience in crisis management, Kelpfisch became the Restructuring Manager of Deceuninck NV in the year 2009.

He worked as the CEO at Ilford Imaging, as a member of the Executive Committee at Vickers Plc, as the Chief Financial Officer of BTR Power Drives and as the Chairman of the Board of Directors in Pack2Pack.

He is currently a member of the London based Tower Brook's Management Advisory Board, Volution's Chairman of the Board of Directors in the UK, and the Chairman of the GSE Group in France.



Declaration of Independence - Marcel Klepfisch SARL (Independent Member)

I hereby declare that; I am a candidate to serve as an "independent member" within the framework of the criteria announced and stipulated by Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Company) Board of Directors, the legislation, the articles of incorporation and the Corporate Governance Principles issued by the Capital Market Board and in this context;

- a) There is no direct or indirect employment, capital or material trade relationships established between the company, an affiliated party of the Company, legal entities that have relationships pertaining to the company's administration or capital with shareholders who hold an ownership of 5% or more in the Company; and me, my spouse or any of my blood relatives or persons I have an affinity relationship by marriage up to third degree,
- b) I have not been an employee or a board member in companies that conduct auditing, rating and consulting services for the company or in companies that monitor all or part of the company's operations and organization pursuant to agreements executed, during the last five years,
- c) I have not been a partner, employee or a board member in any of the companies providing material services or products to the company during the last five years,
- d) My shareholding rate in the company capital is less than 1% and I do not hold any preferred shares / any shares of the Company's capital,
- e) As seen in my curriculum vitae, I possess the professional training, knowledge and experience to fulfill my duties assigned to me due to my independent membership in the board of directors,
- f) I currently do not occupy a full-time position at public institutions and organizations,
- g) I can make positive contributions to the company activities; I will remain impartial in conflicts of interest among the company shareholders, and I have strong ethical standards, a professional reputation and experience that will enable me to make my decisions independently, in consideration of the rights of the stakeholders.
- h) I will allocate sufficient time for company business to the extent that I will be able to monitor the company's operations and fulfill the requirements in relation with the duties that I will undertake.

Yasemin Ünlü Romano (Independent Member)

Born in 1970, Istanbul, Yasemin Ünlü Romano obtained a Bachelor of Arts degree from Boğaziçi University Sociology program in 1994, and completed her Master of Business Administration graduate program in 1996, in University of San Diego, USA.

During the period between 1996 - 2000, she worked as a Product Manager at Nestlé SA; in 2000 - 2006, she worked in the capacity of Brand Manager for Unilever and as a Brand Development Manager responsible for Strategic Marketing, Communications and Innovations at Algida Turkey, and assumed duties as a team member of Algida Europe.

In 2006, she joined Ülker group as the Marketing Director responsible from the Category of Milk and Dairy products. In 2012, she joined Sütaş Group as the Assistant Director of Marketing responsible for Category in Turkey and the Marketing in the Balkans.

Yasemin Ünlü Romano is married and has 2 children.



Declaration of Independence - Yasemin Ünlü Romano (Independent Member)

- a) There is no direct or indirect employment, capital or material trade relationships established between the company, an affiliated party of the Company, legal entities that have relationships pertaining to the company's administration or capital with shareholders who hold an ownership of 5% or more in the Company; and me, my spouse or any of my blood relatives or persons I have an affinity relationship by marriage up to third degree,
- b) I have not been an employee or a board member in companies that conduct auditing, rating and consulting services for the company or in companies that monitor all or part of the company's operations and organization pursuant to agreements executed, during the last five years,
- c) I have not been a partner, employee or a board member in any of the companies providing material services or products to the company during the last five years,
- d) My shareholding rate in the company capital is less than 1% and I do not hold any preferred shares / any shares of the Company's capital,
- e) As seen in my curriculum vitae, I possess the professional training, knowledge and experience to fulfill my duties assigned to me due to my independent membership in the board of directors,
- f) I currently do not occupy a full-time position at public institutions and organizations,
- g) I can make positive contributions to the company activities; I will remain impartial in conflicts of interest among the company shareholders, and I have strong ethical standards, a professional reputation and experience that will enable me to make my decisions independently, in consideration of the rights of the stakeholders.
- h) I will allocate sufficient time for company business to the extent that I will be able to monitor the company's operations and fulfill the requirements in relation with the duties that I will undertake.

PROHIBITION OF COMPETITION AND TRANSACTION WITH THE COMPANY FOR THE BOARD OF DIRECTORS

Our company's articles of corporation do not contain any provisions regarding the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors throughout the period and, without prior consent from the general assembly, they may not perform any transactions, whether personally or indirectly with the company, on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

During our company's General Assembly, the authorities and powers listed in the articles 395 and 396 of the TCC have been granted to the Members of the Board of Directors.

Throughout the fiscal year 2015, the members of the board of directors have not performed any transactions in connection with the company, and have not been engaged in any attempts that may pose a competition against the company in its areas of activity.

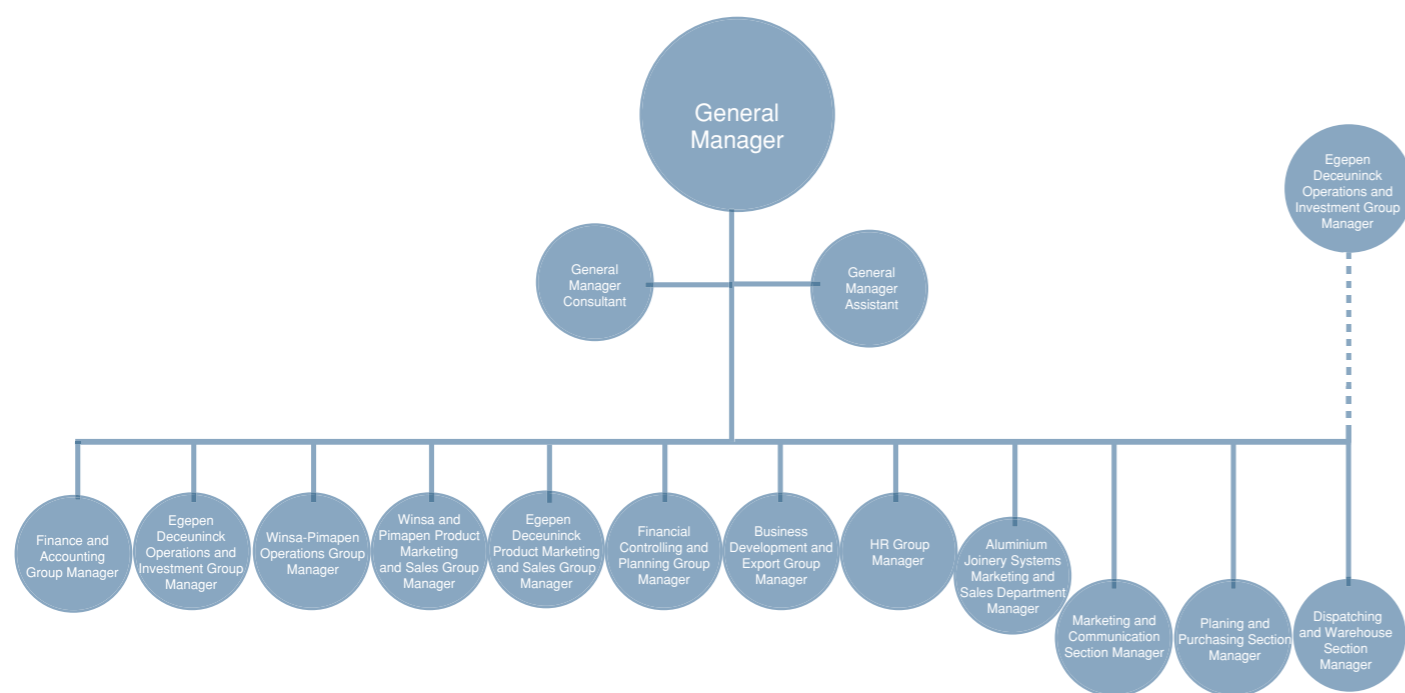
Part 3 **RESEARCH AND DEVELOPMENT ACTIVITIES**

Our company takes the energy policies being implemented in the World and in Turkey into consideration and we have R&D projects in order to develop low-energy consuming products as per our environmental awareness and as a part of our efficiency studies.

Our total R&D expenditure in 2016 is 1.119.216 TL (2015 – 573.027 TL)

COMPANY OPERATIONS AND SIGNIFICANT DEVELOPMENTS

ORGANIZATION



INVESTMENT ACTIVITIES

As of the end of 2016, the company has purchased fixed assets in the total amount of 174.028.625 TL (€47.732.042).

1000 EURO & TL	31.12.2016	31.12.2015	CHANGE %
EURO	36.392	17.998	102
TL	118.788	51.439	131

INTERNAL AUDITING DIVISION

The internal auditing unit of our partner Deceuninck Group conducts audits in accordance with the annual audit plans that are established on annual basis, and reports the findings obtained from the audits. The relevant audits are conducted with regards to the compliance of the activities and the operations performed with the statutory regulations or the company policies. The internal auditing unit has communicated the findings of its audit conducted on 14 June 2014 and identified the areas to be developed. The action plans related to those areas of development have been promptly implemented. Items that are related to the monitoring of the findings have been included into the next year's audit plan.

Furthermore, with the periodic internal audits performed within our company, it is being inspected whether the requirements of the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management and TS 18001 Occupational Health and Safety Management Systems are being fulfilled or not, and the improvement works are commenced if and when required. Moreover, our company which strives for continuous improvement by using simple production techniques, measures the in-plant order and organization on a team basis through monthly performed 5S audits.

Our company's goal is offering a healthier and safer working environment to the employees working for or on behalf of the company, dealerships, visitors and suppliers and protecting the environment during the normal course of its activities. In this regards, it works with a continuous improvement philosophy which complies with the legal requirements related to occupational health, safety and environment. In addition to the consultancy services we are outsourcing from an Occupational Safety Consulting company we are employing an Occupational Safety Specialist within our company staff.

INFORMATION REGARDING DIRECT AND INDIRECT AFFILIATES AND THEIR SHARE RATES

Chile (Subsidiary): Centro Industrial Lo Boza 3G-3H Volcan Lascar 801 Pudahel Santiago / CHILE Tel & Fax No: +56951498754

Our company is a partner to the Company Deceuninck Imporata with a 99,9% share rate.

Brazil (Subsidiary): Althera PVC Ltda. - EPP Rua Doutor Rodrigo de Barros 216 CEP 01106 020 Sao Paulo – SP BRAZIL CNP J 14.893.727/0001-50

Our company is a partner to the Company Althera PVC Ltda. with a 100% share rate.

INFORMATION REGARDING THE COMPANY'S OWN ACQUIRED SHARES,

Unavailable

INFORMATION REGARDING THE PRIVATE AUDITS AND PUBLIC INSPECTIONS CARRIED OUT WITHIN THE YEAR,

There have been no audits conducted during the period of activity.

INFORMATION REGARDING THE LAWSUITS FILED AGAINST THE COMPANY AND THEIR PROBABLE RESULTS,

The cases for which our Company has been or might be held accountable are discussed with our legal consultants. There are no significant lawsuits filed against the Company and no debts or obligations concerning the Company.

INFORMATION REGARDING SIGNIFICANT ADMINISTRATIVE SANCTIONS AND PENALTIES IMPOSED AGAINST THE COMPANY AND THE BOARD MEMBERS DUE TO PRACTICES THAT ARE NON-COMPLIANT TO THE REGULATORY PROVISIONS,

Pursuant to the reports prepared on the tax examinations conducted in 2011 with regards to 2007 transactions by the Income Tax Department of the Ministry of Finance, the Company filed for a lawsuit at the 4th Tax Court of Izmir on April 30, 2012 against taxes and tax penalties amounting to TL 3.605.914 imposed on the Company on the date April 2, 2012.

Upon the hearing held on December 6, 2012, a portion of TL 2.358.150 out of the total amount in dispute has been annulled. The date of the hearing for the remaining amount has not yet been notified. As the existing legal position is backed up by evidence and does not violate the relevant legislative provisions, it is predicted that the court resolution will be in favor of the company.

As a precautionary measure, the company has allocated a reserve of TL 536.260 in the financial statements of December 31, 2013 and 2012. The Supreme Court's decision is pending.

LEGAL AND ENVIRONMENTAL RISKS,

Our group is subject to different regulations in many different countries in which we operate. We as a group, continue to develop environmental policies and procedures in order to establish compliance with the environmental and local laws and regulations. As the management, we conduct studies to identify environmental risks on a regular basis and establish various systems to keep these risks under control. Our compliance with legal and environmental regulations which is a policy of utmost importance, has prevented our company or our governing body from facing any administrative or legal sanctions due to malpractice. During the 2016 fiscal year, we have not encountered any administrative or legal sanctions imposed against the company and the members of our governing body due to a breach of regulatory provisions.

INFORMATION AND ASSESSMENTS REGARDING THE OBJECTIVES SET FOR PREVIOUS PERIODS AND THE RESOLUTIONS OF THE GENERAL ASSEMBLY,

During the year 2016, we managed to fulfill the entirety of our general assembly resolutions and achieved our objectives by preferring sustainable growth and high value-added investments.

EXTRAORDINARY GENERAL ASSEMBLY MEETINGS HELD DURING THE YEAR OF ACTIVITY,

Not applicable.

EXPENDITURES MADE DURING THE YEAR OF ACTIVITY WITHIN THE SCOPE OF DONATIONS, FINANCIAL AIDS AND SOCIAL RESPONSIBILITY PROJECTS,

Our company, with the approval of the Management, may grant donations and financial aids to foundations, associations, training institutions and public institutions established for social, cultural, educational and sports activities within the framework of the criteria stipulated by the Capital Market Board and the Turkish Commercial Code. While making the donations, the relevant regulations of the Ministry of Finance are taken into account and it is ensured that the tax exempt entities are the institutions of choice. The type and amount of the donation as well as the institution or the Non-Governmental Organization to which the donation shall be made are determined in accordance to their compliance with social responsibility criteria. Additionally, the company may also grant donations to establishments such as foundations, associations etc. whose principal activities are related to the company's scope of operations. Regarding all donations and financial support that were given during the period, the partners are informed in detail during the Ordinary General Assembly Meeting for the relevant year. Within the framework of our company donation and aid policies, the donations and financial aid given during the year 2016 are;

DONATIONS	31.12.2016	31.12.2015
TL	102.460	22.883

RELATIONS WITH THE PARENT COMPANY AND WITH A COMPANY THAT IS AFFILIATED WITH THE PARENT COMPANY,

No relations were established without receiving an appropriate compensation as per Ege Profil Ticaret ve Sanayi A.Ş.'s ventures and interests. All legal transactions specified were conducted at arm's length.

No measures have been taken or avoided for the benefit of Deceuninck NV or its subsidiaries.

PLASTICS INDUSTRY IN THE WORLD AND IN TURKEY

2016, SECTOR PROFILE	PLASTICS
Number of Companies	956-(697)
Production (Construction Materials)	1.957 Thousand tons
Consumption	1.541 Thousand tons
Export	895,5 Milyon USD
Import	378,9 Milyon USD

Source: Turkish Statistical Institute, PAGEV

The business area of building and construction that represents a volume of 20 – 25% among the entire fields of application of plastics is the second important area after the business area of packaging. Like pipes manufactured in large sizes and used in the building sector, plastic products have been used for more than 60 years. Other than the insulation and sheet applications, PVC is the type of plastics that is used the most by far in the entire fields of application within the business area of building and construction. In the upcoming years, greater rates of growth are expected for plastic construction materials in the field of construction applications.

WORLD'S PLASTIC CONSTRUCTION MATERIAL IMPORT AND EXPORT FIGURES (2010-2016) (THOUSAND USD)

YEARS	EXPORT	CHANGE(%)	IMPORT	CHANGE(%)
2010	971.475	5,14	268.978	10,40
2011	1.153.901	18,78	373.469	38,85
2012	1.274.850	10,48	347.791	-6,88
2013	1.371.963	7,62	386.673	11,18
2014	1.417.120	3,29	373.020	-3,53
2015	1.108.682	-21,77	361.814	-3,00
2016	895.524	-19,23	378.941	4,73

Source: International Trade Center

Product HS Code: 3917-3918-3922-3925

In 2016, the export of plastic construction materials from Turkey reduced by 19.23% to a level of 895.5 million USD compared to that achieved in 2015. The import of plastic construction materials, on the other hand, increased by 4.73% to 378.9 million USD.

TOP 5 COUNTRIES IN THE WORLD IN PLASTIC CONSTRUCTION MATERIAL IMPORT (THOUSAND USD)

RANK	COUNTRIES	2015	2016	CHANGE(%)
1	Iraq	190.184	136.604	-28,2
2	Germany	35.903	44.357	23,5
3	Georgia	48.897	40.714	-16,7
4	Turkmenistan	53.347	36.779	-31,1
5	Algeria	34.474	36.217	5,1

Source: Turkish Statistical Institute

Product HS Code: 3917-3918-3922-3925

Turkey exports plastic construction products to more than 150 countries. Contractions due to instabilities, armed conflicts and economic problems that occur in the countries to which we export the most caused the level of our export to be reduced. Our export in 2016 dropped by 19.23% to 895.5 million USD compared to that achieved in 2015. Iraq is the country to which we export the most resulting an export figure of 136.6 million USD. The export to Germany, which is in the second place in terms of the highest export volumes, increased by 23.5%. The export of plastic construction materials to Georgia and Turkmenistan, on the other hand, regressed.

Source: Turkish Construction Industry Report (2016)

Part 5 **FINANCIAL POSITION**

The independent audit report of our company can be found in the attachment.

MAJOR FINANCIAL AND OPERATIONAL INDICATORS

The following are certain information in the consolidated financial statements of our Company dated 31.12.2016, compared to the previous period.

REVENUE

1000 TL	31 December 2016	31 December 2015	CHANGE %
Domestic	599.392	385.487	55%
Foreign	96.131	88.302	9%

IMPORT & EXPORT

1000 EURO	31 December 2016	31 December 2015	CHANGE %
Domestic	26.433	21.047	26%
Foreign	64.330	59.682	8%

FINANCIAL RATIOS

LIQUIDITY RATIOS	31 December 2016	31 December 2015	CHANGE %
Current Ratio	1,28	2,02	26%
Acid Test Ratio	1,08	1,73	8%

PROFITABILITY RATIOS	31 December 2016	31 December 2015	CHANGE %
Gross Profit Margin	0,26	0,25	26%
Return on Equity	0,22	0,13	8%

FINANCIAL RATIOS

LEVERAGE RATIOS	31 December 2016	31 December 2015
Total Debt to Equity Ratio	1,92	1,53
Total Debt to Total Assets Ratio	0,66	0,60
Equity Ratio	0,34	0,40
Short Term Debts to Total Assets Ratio	0,52	0,36
Long Term Debts to Total Assets Ratio	0,14	0,24

EFFICIENCY RATIOS	31 December 2016	31 December 2015
Receivables Turnover Rate	2,37	2,09
Inventory Turnover Rate	7,26	6,32
Assets Turnover Rate	0,85	0,85

PROFIT DISTRIBUTION/RETENTION SUGGESTION

The dividend policy of our company is described in the section 2 of the Report on the Compliance with the Corporate Governance Principles as attached to our annual report.

FINANCIAL RISK MANAGEMENT

The financial risk management of our company is described in the article 31 of the footnote to the independently audited, consolidated financial statements for the year ending on December 31, 2016 as attached to our annual report.

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Ege Profil Ticaret ve Sanayi Anonim Şirketi:

We have audited the accompanying consolidated financial statements of Ege Profil Ticaret ve Sanayi Anonim Şirketi ("Ege Profil" or "the Company") and its Subsidiaries (together will be referred to as "the Group") which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Group's management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the Turkish Accounting Standards as issued by Public Oversight Accounting and Auditing Standards Authority of Turkey and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with Standards on Auditing as issued by the Capital Markets Board of Turkey and Auditing Standards which are part of the Turkish Auditing Standards as issued by Public Oversight Accounting and Auditing Standards Authority of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ege Profil Ticaret ve Sanayi Anonim Şirketi and its Subsidiaries as at December 31, 2016 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Other Issues

The financial statements of Ege Profil Ticaret ve Sanayi Anonim Şirketi prepared in accordance with Turkish Accounting Standards as of 31 December 2015 had been audited by another audit firm whose independent auditor's report thereon dated February 24, 2016 expressed an unqualified opinion.

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 23, 2017.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2016 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

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

Ethem Kutucular, SMMM
Partner

February 23, 2017
İstanbul, Turkey

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Statements of consolidated financial position as at December 31, 2016 and 2015 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

ASSETS	Notes	Current period December 31, 2016	Prior period December 31, 2015
Current assets			
- Cash and cash equivalents	4	91.617.048	91.327.968
- Derivative instruments	6	6.941.547	21.590
- Trade receivables	7	340.181.816	250.380.331
- Trade receivables from related parties	7	65.864.296	25.469.910
- Trade receivables from third parties	7	274.317.520	224.910.421
- Other trade receivables		1.096.681	715.074
- Other trade receivables from third parties	8	1.096.681	715.074
- Inventories	9	85.375.396	55.899.102
- Prepaid expenses	10	5.638.082	1.195.139
- Current tax assets	11	1.162.354	3.713.927
- Other current assets	18	12.925.956	4.550.404
SUB TOTAL		544.938.880	407.803.535
- Assets held for sale	26	1.263.053	984.731
TOTAL ASSETS		546.201.933	408.788.266
Non-Current Assets			
- Other Trade Receivables		325.717	392.314
- Other Trade Receivables from third parties	8	325.717	392.314
- Tangible Assets	12	248.284.468	132.580.736
- Intangible Assets	13	6.659.131	6.827.573
- Prepaid Expenses	10	4.859.663	6.764.951
- Deferred tax assets	27	9.373.946	-
TOTAL NON-CURRENT ASSETS		269.502.925	146.565.574

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Statements of consolidated financial position as at December 31, 2016 and 2015 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

LIABILITIES	Notes	Current period December 31, 2016	Prior period December 31, 2015
Current Liabilities			
- Short-term Borrowings	5	59.606.057	20.332.414
- Short-term parts of long-term financial liabilities	5	56.422.775	34.427.138
- Derivative instruments	6	753.449	176.964
- Trade Payables		101.154.499	25.469.910
- Trade payables to related parties	7	2.835.524	6.433.318
- Trade payables to third parties	7	226.242.497	94.721.181
- Liabilities for employee benefits	17	4.703.731	2.397.301
- Other Payables	-	4.563	55.899.102
- Other Payables for third parties	-	4.563	1.195.139
- Deferred Income	16	69.369.046	38.622.608
- Short-term provisions		4.067.113	4.550.404
- Provisions for short-term employee benefits	17	1.106.656	1.523.937
- Other short-term provisions	14	3.083.540	2.543.176
- Other short-term liabilities	18	2.113.604	1.471.675
SUB TOTAL		426.236.879	202.654.27
TOTAL CURRENT LIABILITIES		426.236.879	202.654.27
Non-Current Liabilities			
- Non-current borrowings	5	106.315.910	124.150.400
- Other payables		61.289	41.766
- Other Payables to third parties		61.289	41.766
- Non-Current Provisions		3.902.195	3.222.303
- Provisions for long-term employee benefits	17	3.902.195	3.222.303
- Deferred tax liabilities	27	-	5.496.146
TOTAL NON-CURRENT LIABILITIES		110.279.394	132.910.615

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Statements of consolidated financial position as at December 31, 2016 and 2015 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

EQUITY	Notes	Current period December 31, 2016	Prior period December 31, 2015
SHAREHOLDER'S EQUITY		279.188.585	219.788.949
Equity Holders Of the Parents			
- Paid-in Share Capital	19	79.600.000	79.600.000
- Restricted reserves	19	7.840.703	7.840.703
- Other comprehensive income/expense not to be reclassified to profit or loss		3.873.343	3.989.347
- Gains (losses) on remeasurements of defined benefit plans		3.526.619	3.548.999
- Other gains/losses		346.724	440.348
- Other comprehensive income/expense not to be reclassified to profit or loss		(948.915)	(95.864)
- Foreign currency translation difference		(948.915)	(95.864)
- Restricted Reserves		13.825.129	13.825.129
- Retained earnings/accumulated loss	19	114.652.013	85.753.155
- Net profits/Loss for the year		60.346.312	28.876.478
TOTAL EQUITY		279.188.585	219.788.949
TOTAL ASSETS		815.704.858	555.353.840

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 and 2015 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

	Notes	Current period December 31, 2016	Prior period December 31, 2015
EQUITY			
Revenue	20	695.523.111	473.789.530
Cost of Sales (-)	20	(512.697.850)	(353.419.302)
Gross profit / loss		182.825.261	120.370.228
General administrative expenses (-)	21	(42.371.482)	(25.320.198)
Marketing expenses (-)	21	(74.562.474)	(55.047.283)
Research and development expenses (-)	21	(1.119.216)	(573.027)
Other operating income	22	50.701.706	29.406.077
Other operating expenses (-)	22	(39.540.762)	(25.306.175)
Operating Profit / loss		75.933.033	43.529.622
Income from investment activities		1.239.692	498.010
Expenses for investment activities (-)		(1.605.675)	(2.403.926)
Operating profit before financing income / (expense)		75.567.050	41.623.706
Financing income	25	6.501.538	6.078.005
Financing expense (-)	25	(31.841.295)	(14.730.530)
Profit/Loss before tax from continuing operations		50.227.293	32.971.181
Continuing operations tax expense / income		10.119.019	(4.094.703)
Current tax income / expense	27	(4.727.667)	(3.681.295)
Deferred tax income / expense	27	14.846.686	(413.408)
Profit/Loss from continuing operations for the period		60.346.312	28.876.478
Net Period Profit / (Loss)		60.346.312	28.876.478
Other Comprehensive Income / Expenses			
Other comprehensive income/(expense) not to be reclassified to profit or loss		(116.004)	573.191
Increase/Decrease in Revaluation Reserve of Tangible Assets		(27.975)	(27.975)
Actuarial Gain/Loss of Defined Benefit Plans	17	(117.030)	744.464
Tax Effect of Actuarial Gain/Loss of Defined Benefit Plans		29.001	(143.298)
Tangible assets revaluation increase (decrease), tax effect		5.595	5.595
Defined benefit plans measurement gains/losses, tax effect		23.406	(148.893)
To be reclassified subsequently to profit or loss		(853.051)	(76.568)
Foreign Currency Translation Gain/ Loss		(853.051)	(76.568)
Other comprehensive income/(expense) after tax		(969.055)	496.623
Total comprehensive income/(expense)		59.377.257	29.373.10
Earnings per share	27	0,7581	0,4844
Share Capital		79.600.000	79.600.000
Number of Shares		7.960.000.000	7.960.000.000

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

Statement of changes in equity for the year ended December 31, 2016 and 2015 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

					Other comprehensive income (expense) not to be reclassified subsequently to profit or loss	Other comprehensive income (expense) to be reclassified subsequently to profit or loss				
	Notes	Share capital	Share capital adjustment difference	Restricted reserves	Actuarial gain/ (loss) arising from defined benefit plans	Revaluation reserve of tangible assets	Foreign currency translation difference	Retained earnings	Net income for the period	Total equity
Balance as of January 1,2015		59.566.900	7.840.703	13.825.129	(155.223)	18.530.998	(19.296)	67.076.469	22.234.115	188.899.795
Net profit for the year		-	-	-	-	-	-	-	28.876.478	28.876.478
Other comprehensive income		-	-	-	595.572	(22.380)	(76.568)	-	-	496.624
Total comprehensive income/loss		-	-	-	595.572	(22.380)	(76.568)	-	28.876.478	29.373.102
Transfer of prior year profit		-	-	-	-	-	-	22.234.115	(22.234.115)	-
Transfer of revaluation fund (from sale of buildings)		-	-	-	-	(14.959.619)	-	14.959.619	-	-
Dividend payment		-	-	-	-	-	-	1.400.911	-	1.400.911
Transfers of revaluation surplus		-	-	-	-	-	-	22.380	-	22.380
Capital Increase from internal resources		20.033.100						(20.033.100)	-	-
Subsidiary's effect on prior period profit/loss		-	-	-	-	-	-	92.762	-	92.762
Balance as of December 31, 2015	19	79.600.000	7.840.703	13.825.129	440.348	3.548.999	(95.864)	85.753.155	28.876.478	219.788.948
Balance as of January 1,2016	19	79.600.000	7.840.703	13.825.129	440.348	3.548.999	(95.864)	85.753.155	28.876.478	219.788.948
Net profit for the year		-	-	-	-	-	-	-	60.346.312	60.346.312
Other comprehensive income				-	(93.624)	(22.380)	(853.051)	-	-	(615.508)
Total comprehensive income/loss		-	-	-	(93.624)	(22.380)	(853.051)	-	60.346.312	59.730.804
Transfer of prior year profit		-	-	-	-	-	-	28.876.478	(28.876.478)	-
Transfers of revaluation surplus		-	-	-	-	-	-	22.380	-	22.380
Balance as of December 31,2016	19	79.600.000	7.840.703	13.825.129	346.724	3.526.619	(948.915)	114.652.013	60.346.312	279.188.585

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated statement of cash flows for the year ended December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

EQUITY	Notes	Current period	Prior period
		December 31, 2016	December 31, 2015
Profit (loss) for the period		60.346.312	28.876.477
Adjustments to reconcile Profit/ Loss	12,13	30.074.583	30.755.343
Adjustments for tax (income) expenses		(10.119.018)	4.094.703
Adjustments for losses	23	1.282.013	(1.905.915)
Adjustments for Depreciation on and Amortisation Expenses	24	13.735.059	10.381.981
Adjustment for Reserve for Doubtful Receivables (Cancelled)		20.495.913	8.146.196
Adjustment for impairment on inventories(Cancelled)	9	3.594.005	1.268.796
Adjustments for Impairment on Receivables (Cancelled)	7	16.901.908	6.877.400
Adjustments for Provisions		927.590	1.833.436
Adjustments for Provision (reversal of provision) for Employee Termination Benefits	17	387.226	1.314.210
Adjustments for Provision (reversal of provision) for Pending Claims and/or Lawsuits	14	493.926	348.423
Adjustments Related to Provisions of Warranty (Cancelled)	14	46.438	170.803
Adjustments for Fair Value (Gains) Losses	6	753.449	176.964
Adjustments for unrealised Foreign Exchange Differences		(7.749.183)	3.281.582
Adjustments for Interest (income) Expenses		10.748.760	4.746.396
Adjustments for Interest Income	22,23	(2.083.952)	(3.813.457)
Adjustments for Interest Expenses	22,25	12.832.712	8.559.853
Changes In Working Capital			
Adjustments for (Increase) Decrease in Inventories	9	(33.070.299)	(6.498.684)
Adjustments for (Increase) Decrease in Trade Receivables		(105.803.937)	(34.918.655)
Adjustments for (Increase) Decrease in Trade Payables		144.391.778	27.960.124
Adjustments for (Increase) Decrease in Working Capital		22.818.001	(3.082.420)
Adjustments for (Increase) Decrease in Other Receivables Related from Operations		(10.876.796)	(9.663.403)
Adjustments for (Increase) Decrease in Other Payables Related from Operations		33.694.797	6.580.983
Changes In Working Capital		28.335.543	(16.539.635)
Taxes Paid	27	(4.727.667)	(3.688.543)
Payments of employee termination benefits		(124.614)	(94.742)
NET CASH GENERATED BY OPERATING ACTIVITIES		113.904.158	39.308.900
Cash Outflows From Purchase of Property, Plant, Equipment and Intangible Assets	12,13	(130.932.149)	(51.652.068)
Cash Inflows From Sales of Property, Plant, Equipment and Intangible Assets		2.943.812	19.392.308
Interest Received		2.083.952	3.813.457
CASH FLOWS FROM INVESTMENTS ACTIVITIES		(125.904.385)	(28.446.303)
Cash Inflows From Borrowings		22.773.419	66.139.230
Interest Paid		(9.631.061)	(4.356.393)
CASH FLOWS FROM FINANCING ACTIVITIES		13.142.358	61.782.837
Net (Increase) Decrease In Cash And Cash Equivalents Before Effect Of Exchange Rate Changes		1.142.132	72.645.434
Effect Of Exchange Rate Changes on Cash and Cash Equivalents		(853.051)	(76.568)
Net cash generated by / (used in) financing activities		12.289.308	61.706.270
Net (Increase) Decrease In Cash and Cash Equivalents		289.080	72.568.868
Cash and cash equivalents at the beginning of the period	4	91.327.968	18.759.098
Cash and cash equivalents at the end of the period	4	91.617.048	91.327.968

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

1. The Company's organization and nature of operations

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

The address is as follows:

Atatürk Organize Sanayi Bölgesi 10003 Sokak No: 5 35620 Çiğli / İZMİR

As of December 31, 2016 and December 31, 2015, the shareholding structure of the Parent Company is as follows:

	December 31, 2016	December 31, 2015
Name	Share Rate	Share Rate
Deceuninck N.V.	% 97,54	% 97,54
Public offering	% 2,46	% 2,46
Total	% 100,00	% 100,00

As of December 31, 2016, 2,46% of the Parent Company shares are listed on Borsa Istanbul.

As of December 31, 2016 and 31 December 2015, the number of personnel by category is as follows:

	December 31, 2016	December 31, 2015
Administrative	220	238
Manufacture	844	756
Total	1064	994

- Along with its Turkish operations, the Parent Company carries out sales activities through its subsidiaries in Chile and Brazil and its branch office in India.

- The consolidated financial statements were approved by the Board of Directors as of February 22, 2017. The General Meeting and the related regulatory bodies have the power to amend the consolidated financial statements.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements

(i) Basis of Presentation :

Preparation of the financial statements

The Parent Company maintains its books of account and prepares its statutory financial statements in Turkish Lira in accordance with the prevailing commercial and financial legislation. The foreign subsidiaries and agencies maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the rules and regulations of the country in which they operate. The accompanying consolidated financial statements are prepared in accordance with the provisions of the “Communiqué Related to the Financial Reporting Principles at the Capital Markets” (Communiqué) Nr. II/14.1 of the Capital Markets Board (CMB) published in the Official Gazette dated 13 June 2013 Nr 28676, taking as basis the Turkish Accounting Standards /Turkish Financial Reporting Standards and the related appendices and interpretations (TAS/IFRS) put into effect by the Public Oversight Accounting and Auditing Standards Authority (POA) as per the Article 5 of the Communiqué.

The accompanying consolidated financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated 7 June 2013 nr 2013/19 of the CMB.

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

The financial statement items other than land, land improvements, buildings, and forward exchange contracts are based on historical cost.

Functional currency and reporting currency

The Parent Company uses Turkish Lira (“TL”) as functional currency and reporting currency. The functional currencies used by the Parent Company’s branch in India and its subsidiaries in Chile and Brazil are Indian Rupee, Chilean Peso and Brazilian Real, respectively. The items of the statement of financial position are translated at the foreign exchange rate valid at the reporting date; and the income and expense items are translated at the average rate of exchange for the period. Gains and losses arising from translation operations are stated in the “foreign exchange translation differences” account in the condensed consolidated statement of other comprehensive income. The condensed consolidated financial statements as of December 31, 2016 and the prior period financial data used for comparison purposes are all prepared in TL.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

(ii) Companies included in the consolidation and their consolidation rates:

Parent Company:

- Ege Profil Ticaret ve Sanayi Anonim Şirketi	100%
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Subsidiaries:

- Deceuninck Importadora Limitada (*)	99.9%
- Deceuninck Brasil (**)	100%

(*) Included in the accompanying consolidated financial statements by full consolidation method. The non-controlling shares representing 0,7% of the total capital is regarded immaterial, hence non-controlling interest is not calculated.

(**) As of 23 October 2014, the Parent Company has acquired 100% of the shares of Althera PVC LTDA- EPP, a company located in Brazil, for a total consideration of EUR 177,372.13. The name of the Company has changed to Deceuninck do Brasil Comercio de PVC Ltda (Deceuninck Brasil) as of July 13, 2015. The subsidiary is included in the accompanying consolidated financial statements by full consolidation method.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

(iii) Consolidation Principles :

Full Consolidation Method:

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

The Parent Company’s interest in the subsidiaries is set off against the Financial Assets account of the Parent Company and the Share Capital accounts of the subsidiaries.

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

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

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

(iv) Adjustments:

The consolidated financial statements are prepared in accordance with TAS/TFRS, and the adjustments which are not stated in the statutory books are set out below.

- Depreciation adjustment related to the economical lives of tangible and intangible assets.
- Adjustment of discounting the cost value of land, land improvement, and buildings to their market values
- Provision for doubtful receivables
- Warranty provision for sales
- Provision for litigation
- Adjustment of provisions for termination indemnity and leaves
- Adjustment related to purchasing turnover premium income
- Adjustment related to sales turnover premium payments
- Impairment of inventory provision
- Rediscount calculation for post dated cheques, note receivable, notes payable, customers, and suppliers
- Deferred tax adjustment
- Elimination of inter-group balances and transactions in accordance with the consolidation procedures

(v) Comparative Information and Adjustment of Prior Period Financial Statements:

The Group’s financial statements are prepared comparatively with the prior period in order to make financial position and performance evaluations. The Group’s consolidated statements of financial position as of December 31, 2016 and December 31, 2015 are prepared comparatively. Similarly, the consolidated statements of profit or loss and other comprehensive income, cash flows, and changes in equity for the period January 1 – December 31, 2016 and those for the period January 1 – December 31, 2015 are prepared comparatively.

In the financial statements dated December 31, 2015, the Revenue Premium Accounts amounting to TL 3.326.845, classified under "Other Current Assets", is classified under "Trade Receivables".

(vi) Accounting Policies, Changes and Errors in Accounting Estimates:

The accounting policies applied by the Group are consistent with those applied in the prior year. Significant changes in accounting policies and significant accounting errors determined in the financial statements are treated retrospectively, and the prior year financials are restated. Changes in accounting policies are applied in the period of the change if they are related to the one period only; however, if they are related to the future periods, they are applied both in the period of change and the future period, prospectively.

2. Presentation of the financial statements (continued)

(vii) Changes in Turkey Financial Reporting Standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Group.

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

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

2. Presentation of the financial statements (continued)

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity’s separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9,
Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments.

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

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors’ interests in that former subsidiary. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

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

February 2015, Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

2. Presentation of the financial statements (continued)

TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendment did not have significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

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

2. Presentation of the financial statements (continued)

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group does not expect that the standard will have significant impact on the financial position or performance of the Group because contracts with customers in which the sale of goods is generally expected to be the only performance obligation thus are not expected to have any impact on the performance of the Group. Besides, currently trade discounts and volume rebates can be reliably measured on a quarterly basis accordingly they are recognised at annual and interim financial statements. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2016, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The Group has performed a high-level impact assessment of TFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of TFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2. Presentation of the financial statements (continued)

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

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

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

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

Annual Improvements - 2010-2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRS 16 Leases

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

2. Presentation of the financial statements (continued)

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

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

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

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

These amendments are to be applied for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard-IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. Tthe Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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2. Presentation of the financial statements (continued)

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014-2016 Cycle, amending the following standards:

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

IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.

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

The financial status of the Group and its impact on its performance are assessed.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

(viii) Summary of important accounting policies:

Financial instruments

Financial instruments consist of the following financial assets and liabilities:

i. Cash and cash equivalents

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

Cash include of Turkish Liras and foreign currency. Turkish Lira balances are recorded booked value, foreign currencies are recorded at valuated amount at TCMB currency rate at the end of reporting period.

Bank deposits include time deposit and demand deposit and their interest. Turk Liras deposits recorded cost value, foreign currency deposits shows value which valuated at amount at TCMB currency rate at the end of reporting period.

The receivables that exceed the valuation period are included in trade receivables and are subject to rediscount during the reporting period.

Fair Value

Cash and cash equivalents denominated in foreign currencies are deemed to be equivalent to their fair values due to the fact that they are translated into Turkish Lira at the current exchange rates at the reporting date.

Bank deposits are assumed to be the same as their fair values because their carrying amounts and the checks are carried at fair value in the short term and there is no risk of impairment.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

ii. Trade Receivable

Cheques receivables classified as trade receivables are carried at amortized cost using the effective interest rates, after deducting the allowance for doubtful trade receivables from the invoiced amount. Provision for doubtful receivables is set aside if there is a perceptible indication that receivables that are past due are not collected. If the receivables are not completely possible, they are completely deleted from the records when they are detected.

Provisions are those estimated by the Company's management and considered to cover possible losses that may arise from the economic conditions or the nature of the accident.

Fair Value

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

iii. Related parties

a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2. Presentation of the financial statements (continued)

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

In the financial statements, the shareholders of the Company, the companies they own, their directors and other groups known to be related are defined as related companies.

Fair Value

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

iv. Short term and long term Bank Loans and Trade Payable

Short-term and long-term bank loans, principal and interest expenses accrued at the end of the reporting period are presented in the records with their discounted amounts by using the effective interest rate method.

Postpaid checks reflected in trade and other payables and trade payables are recorded at amortized cost, which represents the fair value of future invoiced or uninvoiced amounts related to the purchase of goods and services.

Fair Value

The fair value of short- and long-term bank loans; It is assumed that the cost of the mentioned financial liabilities is equivalent to the carrying amount of interest payable which is calculated over the effective interest rate and accrued at the end of the reporting period. Similarly, discounted cost values of trade payables are accepted as fair values.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Inventories:

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

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

Tangible assets:

Tangible assets are carried at acquisition cost less accumulated depreciation and impairment loss. Land is not depreciated and carried at cost less accumulated impairment.

Tangible assets acquired before January 1, 2005 are carried at cost in purchasing power of TL as at December 31, 2004. Acquisitions subsequent to January 1, 2005 are stated at their nominal values. Depreciation of tangible assets is made by straight-line method over the inflation-adjusted amounts and the nominal values of acquisitions subsequent to January 1, 2005 based on the economic useful lives of assets.

Tangible assets, except land, land improvement and buildings reflected at fair value, are carried at acquisition cost less accumulated depreciation and impairment loss. Difference between the fair value and the cost value is recognized, as net of tax effect, in revaluation reserve under equity. The fair value study was performed on June 14, 2012 by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. that is a real estate valuation and consulting firm licenced by CMB. Fair values of lands, land improvements and buildings were determined with market prices.

Tangible assets are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designated production capacity. Residual values of tangible assets are considered to be immaterial.

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite life.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

The annual depreciation rates accordingly the estimated useful lives for tangible assets are as follows:

	Useful Life (Year)
Land improvements	2-40
Buildings	10-40
Furniture and fixtures	3-10
Machinery and equipment	5-25
Motor vehicles	4-8

Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

Intangible assets:

Intangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

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

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

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2. Presentation of the financial statements (continued)

Non-current assets held for sale:

Non-current assets held for sale represent real estate acquired in return for the obligations of the debtors to the payment difficulty. These assets are presented with the lower of the carrying value or the fair value of the Company's records in consideration of the value set in their title. When the court obtains the right to use the asset with the request of the order or the customer, the amount of the related doubtful trade receivables is classified in the fixed assets held for sale net of the value determined in the expert reports and the difference between the fair value and the trade receivable amount is reflected in the income statement. The Company does not amortize these assets as long as they do not use them for their operations. When these assets are sold, the difference between the sales revenue and the carrying value of the asset is reflected in the income statement.

Assets and liabilities denominated in foreign currencies:

Foreign currency assets and liabilities included in the statement of financial position are presented at Turkish Liras by changing the end of the reporting period The Central Bank is converted into Turkish liras using the exchange rate. Transactions related to foreign currency realized during the period are translated into Turkish Lira using the actual rates on the transaction date. Foreign exchange gains and losses arising from these transactions are included in comprehensive income statements.

The exchange rates used in the year-end are as follows:

Buying Rate Date	USD / TL	EUR / TL
December 31,2016	3,5192	3,7099
December 31,2015	2,9076	3,1776

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Impairment of non-financial assets:

At each balance sheet date, the Group assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Group estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset. The main estimates that are used during these analyse comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the assets (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount (net amount less depreciation) that would have been determined had no impairment loss been recognized for the asset in previous years. Impairment loss cannot be reversed in the statement of comprehensive income in the future periods.

Borrowing Costs:

Borrowing costs are reported as expenses. Borrowing cost are related to qualified assets include cost of qualified assets. The capitalization of borrowing costs is ceased if the activities required to prepare for use or sale for a specific asset are completed.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Deferred Taxes:

The Company calculates deferred income tax assets and liabilities based upon temporary differences arising between their financial statement. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/TFRS and Tax Laws. While deferred tax liability is calculated for all temporary differences subject to taxation, deferred tax assets and liabilities are recognized based on the assumption that the Company will be subject to taxation in the future periods. Deferred tax assets and deferred tax liabilities are offset against each other if the same entity is subject to taxation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Taxes:

According to Turkish tax legislation, legal or business centers are subject to corporate taxation institutions in Turkey.

Corporate income is subject to 20% corporate tax. In the case of exceptional gains from the Corporate Tax, no withholding tax is applied unless these profits are. Income tax withholding is calculated at 15% on dividends distributed in cash to full-fledged real persons and non-resident real persons and institutions, whether or not they are exempted. Income tax withholding is not calculated in profit distributions made by adding current year and previous year profits to capital. On the other hand, no withholding tax is applied to profit distributions made to resident corporations. In addition, a temporary tax of 20% is paid on the taxable shares declared in the interim periods during the year to be deducted from the corporation tax.

In the Turkish taxation system, tax losses can be offset against taxable profits for the next five years and are not deductible from previous years' bases.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Revenue and Expense:

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

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

Dividend income is recognized in the financial statements when the right to receive payment arises.

Revenues:

Sales revenue is measured by the fair value of the purchase or receipt.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns. When the arrangement effectively includes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Derivative financial instruments:

The Company makes forward foreign exchange contracts in the foreign currency market. According to the Company's risk management policies, such futures contracts entered for hedging purposes are classified as held for trading because they do not meet the requirements for hedge accounting in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Liabilities and assets are recognized at fair value and changes in fair value are reflected in the income statement.

Earnings per share

Earnings per share indicated in the statements of comprehensive income are determined by dividing net profit for the year by the weighted average number of shares that have been outstanding during the year.

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Provisions, commitments and contingencies assets and liabilities:

Provisions

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

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to honor the liability. The rate used to discount provisions to their present values is determined taking into account the interest rate in the related markets and the risk associated with the liability. This discount rate does not consider risks associated with future cash flow estimates.

Warranty provision

The Company provides replacement, maintenance and repair services for items sold that meet certain criteria. The company makes provision for 0,2 % of the annual sales based on past experience for the commitment in question.

Contingent Assets and Contingent Liabilities

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

Leases:

Financial Lease

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

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Operational Lease

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

Segment reporting

The Company has identified operating segments based on internal reports that are regularly audited according to the authority governing their operations. The authority to take decisions of the company is the general manager and the Board of Directors.

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

Business Combination

On 21 October 2004, the Company acquired Pilsa A.Ş. (Pilsa) to "Winsa" under the trade mark. In accordance with IFRS 3 "Business Combinations", the Company has recorded the identifiable assets and liabilities that are acquired within the scope of such acquisitions, with the fair value at the effective date of December 1, 2004 and the difference between the fair value of the assets and liabilities, after the deferred tax effect is deducted, reflected in the records as goodwill.

The Group acquired 100% of its shares in Deceuninck Brasil, Brazil, on October 23, 2014, at a price of € 177,372. In accordance with TFRS 3 "Business Combinations", the Group has recorded the identifiable assets and liabilities that are acquired within the scope of such acquisitions, with the fair value at the date of the agreement's effective date of October 23, 2014 and the goodwill between the acquisition cost and the fair value of the identifiable assets and liabilities as goodwill reflected in its records.

(viii) Changes and Errors in Accounting Policies Accounting Estimates:

In the preparation of Consolidated Financial Statements, the Group management is required to make assumptions and estimates that determine the amount of assets and liabilities reported, probable contingent liabilities and commitments as of the reporting date and income and expense amounts in the reporting period. Actual results could differ from those estimates. Estimates are regularly reviewed, restated and reflected in profit or loss and other comprehensive income in the period in which they are incurred.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

2. Presentation of the financial statements (continued)

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

- a) Retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). Due to these plans are long-term, these assumptions contain significant uncertainties. Provisions for benefits provided to employees are included in Note 2 (x) and Note 17.
- b) Allowance for doubtful receivables is an estimated amount that the Grup’s management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. When assessed for impairment of receivables the past performance of borrowers, credits on the market and revised conditions other than related party are considered. Provision for doubtful receivables as of the reporting date is reflected in Note 7.
- c) Group management has found significant assumptions regarding the technical team's experience, especially in determining the useful economic life of machine equipment.
- d) Impairment of inventories, inventories are examined physically and how past has come, the availability of technical personnel is determined in accordance with their opinions and provision is made for the items that are estimated to be unavailable. Inventory price lists after discount is used to calculate impairment for inventories. In such cases that sales price cannot be predicted, inventory aging and physical status are considered together with technical personnel’s opinion. As a result of these studies, the reserve for inventories that are less than the net realizable cost value is allocated in Note 9.
- e) The Group conducts an impairment analysis of its assets using discounted cash flows and using independent valuation studies for land and buildings.. In these analyzes, there are several assumptions about the Group's future operations and discount rates used. As a result of the evaluations made, the Group management has concluded that there is no impairment in non-financial assets.
- f) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized.. When determining the amount of tax assets to be recorded, it is necessary to make important estimates and evaluations about the taxable profits that may arise in the future. (Note 26)
- g) When allocating provision for legal risks, the probabilities of failure in the cases and the possible liabilities to be arisen in the case of failure are evaluated by the management through begin counselled by legal advisors of the Company or the subsidiaries. The management determines the amount of the provisions based on their best estimates and recorded provisions in Note 15.
- h) The Parent Company made the best estimations of the Group's tax advisors in the light of the opinions of the Group's tax advisors for a possible liability in the tax examination for the year 2007 and explained the necessary disclosures in Note 15.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

3. Segment reporting

Segment reporting for the period ended December 31, 2016 is as follows:

	Domestic Market*	Foreign Market **	Joint***	Total
Revenue	599.392.488	96.130.623	-	695.523.111
Finished Goods	523.133.926	82.022.234	-	605.156.160
Merchandise	72.613.737	11.134.654	-	83.748.391
Other	3.644.825	2.973.735	-	6.618.560
Cost of Sales (-)	(449.850.661)	(62.847.189)	-	(512.697.850)
Finished Goods	(781.983.161)	(52.147.905)	-	(834.131.066)
Merchandise	305.536.423	(8.394.366)	-	297.142.057
Other	26.596.077	(2.304.918)	-	24.291.159
GROSS PROFIT/LOSS	149.541.827	33.283.434	-	182.825.261
General administrative expenses (-)	-	-	(42.371.482)	(42.371.482)
Marketing expenses (-)	(28.390.402)	(19.731.257)	(26.440.815)	(74.562.474)
Research and Development expenses (-)	-	-	(1.119.216)	(1.119.216)
Other income from operating activities	-	-	50.701.706	50.701.706
Other expenses from operating activities (-)	-	-	(39.540.762)	(39.540.762)
OPERATING PROFIT/LOSS	121.151.425	13.552.177	(58.770.569)	75.933.033
Income from investment activities	-	-	1.239.692	1.239.692
Loss from investment activities (-)	-	-	(1.605.675)	(1.605.675)
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	121.151.425	13.552.177	(59.136.552)	75.567.050
Finance Income	-	-	6.501.538	6.501.538
Finance Expense (-)	-	-	(31.841.295)	(31.841.295)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	121.151.425	13.552.177	(84.476.309)	50.227.293
Tax expense/income from continuing operations	-	-	10.119.019	10.119.019
Tax expense (-)/income for the period	-	-	(4.727.667)	(4.727.667)
Deferred tax expense (-)/income	-	-	14.846.686	14.846.686
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	121.151.425	13.552.177	(74.357.290)	60.346.312
PROFIT/LOSS FOR THE PERIOD	121.151.425	13.552.177	(74.357.290)	60.346.312

(*) Turkey

(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries

(***) Unallocated income/expense

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3. Segment reporting

Segment reporting for the period ended December 31, 2015 is as follows:

	Domestic Market*	Foreign Market **	Joint***	Total
Revenue	385.486.736	88.302.793	-	473.789.530
Finished Goods	337.409.166	75.764.169	-	413.173.335
Trade Goods	46.724.590	9.587.906	-	56.312.496
Other	1.352.980	2.950.718	-	4.303.698
Cost Of Sales (-)	(295.581.319)	(57.837.982)	-	(353.419.302)
Finished Goods	(250.479.000)	(48.466.767)	-	(298.945.768)
Trade Goods	(41.381.446)	(7.114.740)	-	(48.496.186)
Other	(3.720.873)	(2.256.475)	-	(5.977.348)
GROSS PROFIT/LOSS	89.905.417	30.464.812		120.370.228
General administrative expenses (-)	-	-	(25.320.198)	(25.320.198)
Marketing expenses (-)	(27.047.685)	(16.332.137)	(11.667.460)	(55.047.283)
Research and Development expenses (-)	-	-	(573.027)	(573.027)
Other income from operating activities	-	-	29.406.076	29.406.076
Other expenses from operating activities (-)	-	-	(25.306.175)	(25.306.175)
OPERATING PROFIT/LOSS	62.857.732	14.132.676	(33.460.785)	43.529.621
Income from investment activities	-	-	498.010	498.010
Loss from investment activities (-)	-	-	(2.403.926)	(2.403.926)
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	62.857.732	14.132.676	(35.366.701)	41.623.705
Finance Income	-	-	6.078.004	6.078.005
Finance Expense (-)	-	-	(14.730.530)	(14.730.530)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	62.857.732	14.132.676	(44.019.226)	32.971.180
Tax expense/income from continuing operations	-	-	(4.094.703)	(4.094.703)
Tax expense (-)/income for the period	-	-	(3.681.295)	(3.681.295)
Deferred tax expense (-)/income	-	-	(413.408)	(413.408)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	62.857.732	14.132.676	(48.113.929)	28.876.477
PROFIT/LOSS FOR THE PERIOD	62.857.732	14.132.676		28.876.477

(*) Turkey

(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries

(***) Unallocated income/expense

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4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	December 31, 2016	December 31, 2015
Cash	17.052	9.197
Bank	2.489.547	2.337.342
- TL time deposits (demand deposit)	-	-
- Foreign currency demand deposits	39.017.546	24.035.000
- TL time deposits (*)	36.296.293	61.105.890
- Foreign currency time deposits (**)		
Collection Float	13.796.610	3.840.539
Total (Note 30 (iv))	91.617.048	91.327.968

(*) As of December 31, 2016, the interest rates on TL time deposits are 8,25%, 9,25%, 10,40% (December 31, 2015 – 11.09%) and the maturity date is January 2, 2017.

(**) As of December 31, 2016, the interest rates on foreign currency time deposits are 0,9%, 0,10% (December 31, 2015 – 1,1%, 1,25%) and their maturity date is January 2, 2017.

The Company has no restriction cash and cash equivalents as of December 31, 2016 and December 31, 2015

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

5. Financial liabilities

Short term bank borrowings are as follows:

	Current period December 31, 2016			Prior period December 31, 2015		
	Foreign currency amount	TL Amount	Interest rate (%)	Foreign currency amount	TL Amount	Interest rate (%)
Short Term Borrowings		59.606.057			20.332.414	
TL Loans (no interest)		55.991			490.492	
TL Loans		4.500.000	(***) 6,59		13.000.000	(**) 6,59-12,25
TL Loans		55.000.000	(****) 9,35-10,60			
TL Loans						
EUR Loans				2.000.000	6.355.200	(*) 1,90
Short Term Borrowings		50.066			486.722	
Current portion of long term loans		56.422.775			34.427.138	
TL Loans		20.000.000	(***) 6,25-13,00		18.000.000	(**) 3-6,25
TL Loans		10.000.000	(**) 14,50			
EUR Loans	4.000.000	14.839.600	(*) 2,05	4.000.000	12.710.400	(*) 2,15
EUR Loans	2.272.727	8.431.590	(***) 3,17			
Interest accrued on current portion of long term loans		3.151.585			3.716.738	
Total (Note 30 (iii))		116.028.832			54.759.552	

(*) Interest payable at the end of the period; fixed interest rate.

(**) Interest payable every three months; fixed interest rate.

(***) Interest payable every six months; fixed interest rate.

(****) Interest payable at the end of the period, floating interest rate.

(*****) Interest payable in advance; fixed interest rate.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

5. Financial liabilities

Long term bank borrowings are as follows:

	December 31, 2016			December 31, 2015		
	Foreign currency amount	TL Amount	Interest rate (%)	Foreign currency amount	TL Amount	Interest rate (%)
EUR Loans				4.000.000	12.710.400	(*)2,05-3
EUR Loans	22.727.273	84.315.910	(***)3,17	25.000.000	79.440.000	(***) 3
TL Loans		22.000.000	(**) 6,25-13,95%		32.000.000	(**) 12,5-6,25
Total (Note 30 (iii))		106.315.910			124.150.400	

(*) Interest payable at the end of the period; fixed interest rate.

(**) Interest payable every six months; fixed interest rate.

(***) Interest payable every six months; floating interest rate.

There is no guarantee given by the Group for the borrowings given as of December 31, 2016 and 2015.

The repayment schedule of long term bank borrowings as of December 31, 2016 and December 31, 2015 is as follows:

	December 31, 2016	December 31, 2015
2017	-	39.932.217
2018	38.863.180	26.443.635
2019	16.863.180	14.443.635
2020	16.863.180	14.443.635
Over 5 years	33.726.370	28.887.278
Total long term financial borrowings	106.315.910	124.150.400

(*) As of December 31, 2016, the borrowing amounting to TL 106.315.910 included in long term loans' maturities are between 1 and 7 years. (December 31, 2015 – The maturities of the loan in the amount of TL 124 150 400 are 1-7 years). The loan of TL 121,110,000 stated among long term loans as of 30 June 2016 matures in 1-7 years (31 December 2015 – TL 124,150,400 matures in 1-7 years).

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6. Derivative instruments

Other short term financial liabilities are as follows:

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

As of December 31, 2016, the total nominal value of the unexpired forward exchange and option contracts is USD 33.253.036 (December 31, 2015 – USD 18,015,863), AUD 0 (December 31, 2015 – AUD 1,000,000), EUR 8.000.000 and CLP 3.976.063.300.

In relation to these forward foreign exchange contracts, the Company has reflected to its financial statements TL 2.454.866 as a fair value liability (31 December 2015 – TL 176.964) and TL 6.941.547 as a fair value assets (31 December 2015 – TL 21.590).

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

7. Trade receivables ve payables

Short-term trade receivables are as follows:

	December 31, 2016	December 31, 2015
Trade receivables from related parties	65.864.296	25.469.910
	65.864.296	25.469.910
Trade receivables	24.338.192	24.291.737
Post-dated cheques and notes receivable	255.639.770	206.406.986
Trade receivables rediscount (-)	(38.235)	(60.404)
Rediscount on notes receivable(-)	(2.730.408)	(1.888.856)
Rediscount on post-dated cheques (-)	(2.891.799)	(3.839.042)
Doubtful Receivables	42.764.390	28.005.345
Provisions for Doubtful Receivables (-)	(42.764.390)	(28.005.345)
Sub Total	274.317.520	224.910.421
Total (Note 31 (i))	340.181.816	250.380.331

Effective interest rates used for trade receivables are 11,184% (December 31, 2015 - 11,74%) for TL, and Libor and Euribor rates for US Dollar and Euro.

The average maturity period for trade receivables is 154 days (31 December 2015 – 175 days).

As of December 31, 2016, the Company has deducted from the receivables from factoring companies amounting to TL 24.322.500 (December 31, 2015- 0), which was collected from factoring companies under irrevocable factoring.

As of December 31, 2016 and 2015, changes in Provision for doubtful trade receivables are set out in the table below;

	December 31, 2016	December 31, 2015
Opening Balance	28.005.345	26.528.707
Provision no longer required (Note:21)	(2.142.863)	(5.400.762)
Current year provision expense (Note:21)	16.901.908	6.877.400
Total	42.764.390	28.005.345

As the received collateral amounts meet the amount of uncollected receivables in the related Group as of December 31, 2016 and 31 December 2015, an additional provision in the accompanying financial statements is not reflected in these amounts.

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Trade receivables ve payables (continued)

Overdue receivables with no provisions

	Total	30 days past due	30-60 days past due	60-90 days past due	90-180 days past due	180 days past due
December 31, 2016	11.275.231	2.444.443	1.955.125	1.610.956	2.937.082	2.327.625
December 31, 2015	9.075.218	1.414.121	1.740.762	1.357.636	1.003.486	3.559.213

As of December 31, 2016, the Group has guarantee letters, guarantee notes and mortgages in the amount of TL 45.711.326, TL 4.103.415, and TL 156.599.720 obtained against receivables, respectively, (31 December 2015 – Guarantee letters: TL 39,660,182, Guarantee notes: TL 4,410,828, Mortgages: TL 135,697,134) (Note 15).

Trade payables consist of the following :

December 31, 2016 December 31, 2015

Trade payables for related parties (Note 29)	2.835.524	6.433.318
Sub Total	2.835.524	6.433.318
Trade Payables	81.078.322	59.109.956
Notes Payable	147.105.913	36.199.270
Rediscount for trade payables (-)	(534.452)	(346.989)
Rediscount for notes payables (-)	(1.407.286)	(241.056)
Sub Total	226.242.497	94.721.181
Total (Note 29 (ii))	229.078.021	101.154.499

While the discounted cost value for trade payables is calculated, the effective interest rates for TL are 11,184% (31 December 2015 – 11.74%; Libor and Euribor are used for USD and EUR, respectively).

The average maturity period of trade payables is 118 days (31 December 2015 - 88 days).

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8. Other receivables and payables

Short term other receivables consist of the following:

December 31, 2016 December 31, 2015

Other miscellaneous receivables	610.573	329.174
Deposits and guarantees given	480.695	345.364
Receivables from personal	5.413	40.536
Total (Note 31 (iv))	1.096.681	715.074

Long term other receivables consist of the following:

December 31, 2016 December 31, 2015

Deposits and guarantees given	325.717	392.314
Total (Note 31 (iv))	325.717	392.314

As of December 31, 2016, Group has no other payables. (December 31, 2015: TL 4,563).

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9. Inventories

Inventories consist of the following:

	December 31, 2016	December 31, 2015
Raw materials	22.549.543	12.335.985
Semi-finished goods	6.600.924	5.074.680
Finished goods	34.482.783	21.406.727
Trade goods	28.074.620	19.820.179
Provision for impairment on inventories (-)	(6.332.474)	(2.738.469)
Total	85.375.396	55.899.102

Changes in inventory provision as at December 31, 2016 and 2015 are as follows (TL):

	December 31, 2016	December 31, 2015
Opening balance	2.738.469	1.469.673
Increase / (decrease) during the period	3.594.005	1.268.796
Closing balance	6.332.474	2.738.469

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10. Prepaid expenses

Prepaid expenses and deferred income are as follows:

	December 31, 2016	December 31, 2015
Short term prepaid expenses:		
Prepaid expenses for financial institutions	3.400.585	-
Advances given	949.211	704.247
Prepaid expenses for future months	1.288.286	490.892
Total	5.638.082	1.195.139

	December 31, 2016	December 31, 2015
Long term prepaid expenses:		
Advances given	4.834.344	6.725.795
Prepaid expenses for future years	25.319	39.156
Total	4.859.663	6.764.951

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11. Current tax assets

As of December 31, 2016 and December 31, 2015, current tax assets consist of the following:

	December 31, 2016	December 31, 2015
Prepaid taxes and funds	1.162.354	3.713.927
Total	1.162.354	3.713.927

12. Tangible assets

As of December 31, 2016, tangible assets consist of the following:

Cost	Opening January 1, 2016	Additions	Transfers	Disposals	Closing June 30, 2016
Land	8.133.592	731.000	11.974.646	-	20.839.238
Land improvements	2.155.305	-	(14.885)	(241.000)	1.899.420
Buildings	22.027.437	-	105.024.223	-	127.051.660
Machinery and equipment	141.975.166	-	47.184.815	(9.986.428)	179.173.553
Vehicles	440.636	-	143.792	(12.000)	572.428
Furniture and fixtures	8.577.046	-	3.068.486	(924.645)	10.720.887
Constuction in progress	44.670.840	130.189.069	(167.381.077)	-	7.478.832
Sub Total	227.980.022	130.920.069	-	(11.164.073)	347.736.018
Accumulated depreciation (-)	-	-	-	-	-
Land improvements	(202.395)	(105.560)	-	114.292	(193.663)
Buildings	(4.073.490)	(910.124)	-	-	(4.983.614)
Machinery and equipment	(82.985.928)	(12.131.942)	-	8.478.396	(86.639.474)
Vehicles	(319.999)	(88.910)	-	12.000	(396.909)
Furniture and fixtures	(7.817.473)	(318.487)	-	898.070	(7.237.890)
Sub Total	(95.399.286)	(13.555.023)	-	9.502.758	(99.451.550)
Net book value	132.580.736	-	-	-	248.284.468

As of 31 December 2016, interest expense of TL 1.484.872 relating to investment credits used in Menemen Investment has been capitalized by adding the borrowing cost directly related with the construction according to TAS 23 as part of the investment cost.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

12. Tangible assets (continued)

As of December 31, 2015, tangible assets consist of the following:

Cost	Opening January 1, 2016	Additions	Transfers	Disposals	Closing June 30, 2016
Land	18.740.342	-	-	(10.606.750)	8.133.592
Land improvements	3.119.198	-	867	(964.760)	2.155.305
Buildings	31.030.407	-	2.055.861	(11.058.832)	22.027.437
Machinery and equipment	127.930.608	-	17.524.900	(3.480.342)	141.975.166
Vehicles	407.908	-	32.728	-	440.636
Furniture and fixtures	8.827.343	-	183.510	(433.808)	8.577.046
Constuction in progress	13.029.772	51.438.934	(19.797.866)	-	44.670.840
Sub Total	203.085.578	51.438.934	-	(26.544.492)	227.980.022
Accumulated depreciation (-)					
Land improvements	(544.048)	(127.442)		469.094	(202.395)
Buildings	(8.176.793)	(824.361)	-	4.927.664	(4.073.490)
Machinery and equipment	(77.345.232)	(8.882.833)	-	3.242.139	(82.985.928)
Vehicles	(264.367)	(55.633)	-	-	(319.999)
Furniture and fixtures	(7.900.934)	(335.740)	-	419.200	(7.817.473)
Sub Total	(94.231.374)	(10.226.009)	-	9.058.097	(95.399.286)
Net book value	108.854.204				132.580.736

The Company has recognized its land, land improvements and buildings at their fair values.

In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis

	December 31, 2016	December 31, 2015
Total insurance amounts of assets	671.830.340	340.839.504

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13. Intangible assets

As of December 31, 2016, intangible assets consist of the following:

Cost	Opening January 1, 2016	Additions	Disposals	Closing June 30, 2016
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	917.968	12.080	(83.663)	846.385
Sub Total	8.110.977	12.080	(83.663)	8.039.394
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(1.137.112)	(113.711)	-	(1.250.823)
Rights and other	(848.000)	(66.325)	83.178	(831.147)
Sub Total	(2.056.756)	(180.036)	83.178	(2.153.615)
Net book value	6.054.221			5.885.779

As of December 31, 2015, intangible assets consist of the following:

Cost	Opening January 1, 2016	Additions	Disposals	Closing June 30, 2016
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	704.836	213.132	-	917.968
Sub Total	7.897.845	213.132	-	8.110.977
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(1.023.401)	(113.711)	-	(1.137.112)
Rights and other	(805.739)	(42.261)	-	(848.000)
Sub Total	(1.900.785)	(155.972)	-	(2.056.756)
Net book value	5.997.060			6.054.221

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

13. Intangible assets (continued)

Goodwill

As of December 31, 2016 and December 31, 2015, goodwill consists of the following:

	December 31, 2016	December 31, 2015
October 21, 2004	655.882	655.882
October 23, 2014	117.470	117.470
	773.352	773.352

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

14. Provisions, contingent assets and liabilities

As of December 31, 2016 and December 31, 2015, short term other provisions consist of the

December 31, 2016 December 31, 2015

	December 31, 2016	December 31, 2015
Warranty provision	983.800	937.362
Provision for litigation	1.563.480	1.069.554
Provision for tax penalty (*)	536.260	536.260
Total	3.083.540	2.543.176

(*) In accordance with tax inspection reports issued by the Ministry of Finance Revenue Administration within the scope of tax inspection for 2007, tax penalty notifications issued were communicated to the Company within 2011. Accordingly, the Company was imposed with principal tax and tax loss penalty communicated on 2 April 2012 amounting to a total of TL 3,605,914. The Company initiated a tax case at Izmir 4th Tax Court against tax penalty on 30 April 2012. As a result of the first hearing held on 6 December 2012, a portion of TL 2,358,150 out of the tax penalties communicated to the Parent Company was reversed by the court. The date of the next hearing to be held for the balancing amount is not yet communicated to the Parent Company. Considering the current legal position and related evidence, the Management believes that the litigation process will be finalized in favor of the Parent Company. The Parent Company has made a provision of TL 536,260 in the accompanying financial statements as of 31 December 2014 and 31 December 2014 as a matter of prudence.

Warranty Provision

December 31, 2016 December 31, 2015

	December 31, 2016	December 31, 2015
Opening balance	937.362	766.559
Current year provision	46.438	170.803
Closing balance	983.800	937.362

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14. Provisions, contingent assets and liabilities (continued)

As of December 31, 2016 and December 31, 2015, guarantee, pledge and mortgage position chart of the Company and its Subsidiaries is as follows:

31 Aralık 2016

31 Aralık 2015

	TL equivalent	Foreign currency	TL equivalent	Foreign currency
Guarantee letters received				
EURO	6.178.294	1.665.353	6.960.066	2.190.353
USD	1.618.832	460.000	1.192.116	410.000
TL	37.914.200	-	31.508.000	-
	45.711.326	-	39.660.182	-
Guarantee notes received				
EURO	111.297	30.000	95.328	30.000
TL	3.992.118	-	4.315.500	-
	4.103.415	-	4.410.828	-
Mortgages received				
EURO	202.720	54.643	173.634	54.643
TL	156.397.000	156.397.000	135.523.600	135.523.600
	156.599.720	-	135.697.134	-
Total guarantees and mortgages received	206.414.481	-	179.768.144	-
Guarantees given				
EURO	-	-	572.762	180.250
USD	-	-	61.224.403	21.056.660
TL	55.988.948	55.988.948	36.213.960	36.213.960
	55.988.948	-	98.011.125	-
Total guarantees given	55.988.948	-	98.011.125	-

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

14. Provisions, contingent assets and liabilities (continued)

As of December 31, 2016 and 31 December 2015, guarantee, pledge and mortgage position chart of the Group is as follows:

December 31, 2016 December 31, 2015

a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	55.988.948	98.011.125
b. Total amount of guarantees, pledges and mortgages given in favor of the parties included in the full consolidation	-	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
Total	55.988.948	98.011.125

As of December 31, 2016 and December 31, 2015, the Parent Company and its subsidiaries have no guarantees, pledges or mortgages received from or given to related parties. As of 2016 December, 31, the other guarantees, pledges and mortgages given by the Parent Company and its subsidiaries are equivalent to 0% of their equity (31 December 2015 – 0%).

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

15. Export commitment and operational leaseings

Group's export commitments are as follows:

- The Company committed to realize Euro 4,166,506 exports in 2015 in accordance with its commitment to credit commitments with Citibank for 4,000,000 Euro and 24 months maturity.
- From Türkiye İhracat Kredi Bankası A.Ş.' (Eximbank)

- In July 2013, the Company has loan agreements amounting to TL 9,000,0000 with a maturity of 60 months Euro 4,303,372
- In 2016, the Company has loan agreements amounting to USD 18.141.843 with a maturity of 8 months TL 55.000.000
- In 2016, the Company has loan agreements amounting to USD 1.376.168 with a maturity of 12 months TL 4.000.000

It has committed to realize exports.

Transactions are related to operational leasing as follows:

Company and subsidiaries operational leasing total amount Euro 3.449.286, USD 14.865.462 and TL 8.064.136 (2015 – Euro 2.440.009, USD 11.199.000 and TL 3.480.003) that are in the making car, forklift and storehouse, maturities changes between 1-4 year. Operating leasing maturities between 1-9 year for Euro 1.960.074, USD 8.640.000 and TL 1.670.625.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

16. Deferred Income

December 31, 2016 December 31, 2015

- Advances received	69.264.234	38.551.182
- Other	104.812	71.426
Total	69.369.046	38.622.608

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

17. Employee benefit obligations and provisions

As of December 31, 2016 and December 31, 2015, employee benefit obligations consist of the following:

December 31, 2016 December 31, 2015

Taxes and funds payable	960.720	623.646
The Social Security Premiums Payable	1.366.900	443.543
Accrued charges	2.376.111	1.330.112
Total	4.703.731	2.397.301

Annual leave allowance

December 31, 2016 December 31, 2015

Opening balance	1.523.937	958.030
Current year provision	(417.281)	565.907
Closing balance	1.106.656	1.523.937

Provisions for severance pay

December 31, 2016 December 31, 2015

Opening balance	3.222.303	3.313.205
Provisions paid during the year	(124.614)	(94.742)
Interest cost	338.342	347.886
Service cost	349.134	400.418
Actuarial gains / (losses)	117.030	(744.464)
Closing balance	3.902.195	3.222.303
Total provisions of employee benefits	5.008.851	4.746.240

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

18. Other assets and liabilities

As of December 31, 2016 and 31 December 2015, other assets and liabilities consist of the following:

Other Current Assets	December 31, 2016	December 31, 2015
Turnover premium cost accrual	-	-
Deferred VAT	12.334.362	4.272.327
Other advances	591.594	278.077
Total	12.925.956	4.550.404

Other Short Term Liabilities	December 31, 2016	December 31, 2015
Taxes and funds payable	1.439.439	1.089.839
Expense provisions	674.165	381.836
Total	2.113.604	1.471.675

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

19. Equity

(a) Paid-in capital

As of December 31, 2016 and December 31, 2015, the share capital and shareholding structure of the Parent Company is as follows:

Cost	December 31, 2016		December 31, 2015	
	TL	Shareholding(%)	TL	Shareholding(%)
Deceuninck	77.641.840	97,54	77.641.840	97,54
Public offering	1.958.160	2,46	1.958.160	2,46
Paid-in capital as stated in the legal books	79.600.000	100,00	79.600.000	100,00
Inflation adjustment difference	7.840.703		7.840.703	
Total	87.440.703		87.440.703	

The upper limit of registered share capital of the Parent Company as of December 31, 2016 and December 31, 2015 is TL 120,000,000. As of December 31, 2016 and December 31, 2015, the historic value of the Company's paid-in capital is TL 79,600,000 consisting of 7,960,000,000 shares of Kr 1 nominal value each.

As of December 31, 2016 and December 31, 2015, the movement chart of the number of shares issued for the Company's share capital is as follows:

Cost	December 31, 2016		December 31, 2015	
	Number of shares	TL	Number of shares	TL
January 1	7.960.000.000	79.600.000	5.956.690.000	59.566.900
Bonus issue transferred from retained earnings/prior year profits	-	-	2.003.310.000	20.033.100
End of the period	7.960.000.000	79.600.000	7.960.000.000	79.600.000

For the purpose of obtaining a refinance loan of Euro 140,000,000, the major shareholder Deceuninck NV acting in the capacity of loan receiver has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative the entire number of its 58,100,520 shares of TL 0.01 nominal value each representing 97.5382% of the Company's share capital as per the Share Pledge Agreement signed on 16 August 2012 upon amendment dated 16 July 2012 made on the Loan Agreement dated 11 September 2009.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

19. Equity (continued)

(b) Reserves on retained earnings:

Reserves on retained earnings consist of legal reserves. Legal reserves which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

i. First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

ii. Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(c) Prior years' profits / (losses)

Changes in prior years' profits / (losses) during the period are set out below:

	December 31, 2016	December 31, 2015
Retained earnings	85.753.155	67.076.469
Transfer from internal sources to capital account	-	(20.033.100)
Fixed asset revaluation adjustment (*)	22.380	22.380
Revaluation fund transfer (From sale of building)	-	14.959.619
Deferred tax effect of revaluation fund	-	1.400.911
Prior year profit / (loss)	28.876.477	22.234.114
Other	-	92.762
Total	114.652.013	85.753.155

(*) The land and buildings owned by the Parent Company were subject to revaluation. The revaluation of these assets was made at the market value in use. The difference between their carrying values and market values are stated in fixed asset revaluation fund under capital reserves. In case of disposal of revalued assets, the fixed asset revaluation funds related to these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the carrying value of the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the fixed asset revaluation fund to the retained earnings account during the course of utilization on annual basis.

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20. Sales and cost of sales

Sales revenues consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Domestic sales	599.392.489	385.486.736
Export sales	96.130.622	88.302.794
Total	695.523.111	473.789.530

Cost of sales consists of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Direct raw material, semi-finished good and material expenses	346.044.228	242.805.201
Direct labor cost	3.855.190	2.674.759
Amortization and depreciation expenses	11.891.394	8.964.483
Other production costs	68.733.079	44.325.642
Total cost of production	430.523.891	298.770.085
Change in semi-finished goods	(1.526.244)	(437.186)
Beginning of the period	5.074.680	4.637.494
End of the period	(6.600.924)	(5.074.680)
Change in finished goods	(13.076.056)	(546.837)
Beginning of the period	21.406.727	20.859.890
End of the period	(34.482.783)	(21.406.727)
Change in trade goods	96.776.259	55.633.241
Beginning of the period	19.820.179	18.299.614
Purchases	105.030.700	57.153.806
End of the period	(28.074.620)	(19.820.179)
Total	512.697.850	353.419.302

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

21. Research and development expenses; marketing, sales and distribution expenses; general administration expenses

Research and development expenses; marketing, sales and distribution expenses; general administration expenses are as follows:

Research and development expenses (-):	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Personnel expenses	1.103.110	559.370
Other expenses	16.106	13.657
Total	1.119.216	573.027

Marketing, sales and distribution expenses (-):	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Personnel expenses	26.763.444	20.780.002
Customs and transportation expenses	20.863.270	12.719.126
Rental fees	8.397.338	5.664.599
Dealer promotion and meeting expenses	5.783.442	3.395.712
Advertisement expenses	2.305.776	3.955.941
Exposition, exhibition and showroom expenses	1.638.498	1.536.195
Depreciation and amortization expenses	1.551.046	1.091.212
Sales premiums and commissions	1.394.503	976.389
Other expenses	5.865.157	4.928.107
Total	74.562.474	55.047.283

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

21. Research and development expenses; marketing, sales and distribution expenses; general administration expenses (continued)

General administrative expenses (-):

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
--	---------------------------------------	---------------------------------------

Personnel expenses	11.660.181	8.130.015
Consultancy services	10.027.413	8.482.619
Provision for doubtful receivables, net	14.759.045	1.476.638
Taxes and similar expenses	1.017.707	895.918
Depreciation and amortization expenses	292.619	326.284
Communication expenses	313.553	158.543
Insurance expenses	619.284	518.636
Termination indemnity and annual leave expenses	224.521	871.582
Other expenses	3.457.159	4.459.963
Total	42.371.482	25.320.198

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

22. Other operating income / expenses

Other operating income	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Futures trading profits	23.109.298	5.182.619
Foreign exchange gains	18.682.037	16.173.241
Bonus Income	4.426.165	-
Interest income	2.083.952	3.813.457
Abandoned receivables income	471.579	-
Rent income	-	2.850.000
Other income	1.928.675	1.386.760
Total	50.701.706	29.406.077

Other operating expense

Foreign exchange losses	26.927.625	13.968.150
Forward transaction losses	10.892.078	6.806.592
Interest cost of termination indemnity	338.342	347.886
Special costs	124.420	35.015
Interest expense	87.123	220.352
Special transaction tax	35.162	32.729
Abandoned receivables	28.265	1.742.421
Other expenses*	1.107.747	2.153.030
Total	39.540.762	25.306.175

(*) Receivables that are determined as uncollectible upon legal proceedings started by the Company against customers in default have started to be followed up as waived receivables under operating expenses.

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23. Gains / (losses) from investing activities

Gains from investing activities	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Profit from sales of fixed assets	323.662	498.010
Other income	916.030	-
Total	1.239.692	498.010

Losses from investing activities	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Losses from sale of fixed assets	1.605.675	2.403.926
Total	1.605.675	2.403.926

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24. Expenses classified by nature

Depreciation and amortization expenses January 1, 2016-
December 31, 2016 January 1, 2015-
December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Production cost (-)	11.891.394	8.964.485
General administrative expenses (-)	292.619	326.284
Sales Marketing expenses (-)	1.551.046	1.091.212
Total	13.735.059	10.381.981

January 1, 2016-
December 31, 2016 January 1, 2015-
December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Depreciation of tangible assets (Note12)	13.555.023	10.226.009
Amortisation of intangible assets (Note13)	180.036	155.972
Total	13.735.059	10.381.981

Employee Benefits January 1, 2016-
December 31, 2016 January 1, 2015-
December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Wages and salaries	59.602.702	40.616.050
Social security premium expenses-employer's share	3.684.103	2.736.782
Other social expenses	15.249.363	11.059.128
Provision for termination indemnity and unused leaves, net	(192.757)	871.582
Total	78.343.411	55.283.542

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25. Financial income and expenses

Financial income and expenses consist of the following:

Financial income January 1, 2016-
December 31, 2016 January 1, 2015-
December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Foreign exchange gains	3.875.392	6.067.617
Forward transaction profits	2.531.426	-
Other income	94.720	10.388
Total	6.501.538	6.078.005

Financial expenses (-) January 1, 2016-
December 31, 2016 January 1, 2015-
December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Foreign exchange losses	15.977.934	6.202.067
Interest expense	12.745.589	8.389.643
Forward transaction profits	2.691.803	-
Other expenses	425.969	138.820
Total	31.841.295	14.730.530

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26. Non-Current Assets Held for Sale

As of December 31, 2016 and 2015, non-current assets held for sale consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Opening balance	984.731	1.196.351
Additions	647.738	394.462
Disposals (-)	(369.416)	(606.082)
Total	1.263.053	984.731

As of December 31, 2016 and 2015, non-current assets held for sale comprise land, stores and buildings acquired from customers against receivables whose collection has become doubtful. The Group Management intends to dispose of the subject real estate in a short time.

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

27. Taxes

a) Corporation Tax ;

For 2016 and 2015, the corporation tax rate in Turkey is 20%. This rate is applicable to the tax base derived upon adding onto the commercial earnings of entities the disallowable expenses, and deducting exemptions and discounts as stated in the tax legislation. The corporation tax rates in India, Chile and Brazil are 43%, 22.5%, and 34%, respectively.

Taxes payable as of December 31, 2016 and 31 December 2015 netted with the prepaid taxes are set out below:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Current period corporation tax	4.727.667	3.681.295
Taxes prepaid during the period (-)	(4.727.667)	(3.681.295)
Corporation tax payable	-	-

As of December 31, 2016 and 31 December 2015, the reconciliation between tax expense calculated by applying the legal tax rate on profit before tax and the total tax provision stated in the statement of comprehensive income is as follows:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Profit before tax	50.227.293	32.971.180
Tax expense /(income) at the rate of 20%	10.045.459	6.594.236
Effect of disallowable expenses	106.079	282.190
Effect of income exempt from corporation tax	(45.415)	(2.647.417)
Investment incentives exception	(18.625.472)	-
Effect of other adjusting items	(1.599.670)	(134.306)
Current period tax (income) / expense	10.119.019	4.094.703

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27. Taxes (continued)

b) Deferred tax assets and liabilities;

Deferred tax assets, liabilities, income and expenses and the temporary differences taken as basis for deferred tax calculations are as follows:

Maliyet	Deferred tax asset / (liability)		Deferred tax income / (expense)	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Provision for doubtful receivables	2.296.845	968.844	1.328.001	(294.387)
Provision for termination indemnity	663.409	1.388.925	(725.516)	232.249
Actuarial loss on termination indemnity	117.030	(744.464)	861.494	(250.429)
Provision for unused leaves	221.332	304.787	(83.455)	113.181
Provision for litigation	164.300	213.911	(49.611)	69.685
Rediscount on receivables	283.125	149.000	134.125	174.728
Investment tax assets	12.847.212(*)		12.847.212	-
Rediscount on payables	(127.983)	(77.914)	(50.069)	(66.150)
Expense accruals	773.539	822.659	(49.120)	435.462
Elimination effect of the consolidation	710.664	684.495	26.169	115.880
Depreciation time differences and the effect of valuation of intangible assets in accordance with TFRS 3	(8.194.757)	(8.825.619)	630.862	291.288
Effect of fixed asset revaluation	(380.770)	(380.770)	-	22.380
Deferred Tax Asset/(Liability), Net	9.373.946	(5.496.146)	14.870.092	843.887

(*) The Company has received an Investment Incentive Certificate for Menemen facility investments amounting to TL 174 million in October 2015 as part of the decision of the Council of Ministers on State Aids in Investment regulating investment incentives. Investment incomes amounting to TL 127 million have been realized within the scope of this incentive, which has a contribution rate of 20%.

The Company has determined the investment incentive advantage with the amount of the intention to achieve within the 3 years that it set as the foreseeable future and deferred tax asset amounting to TL 12.847. 212 related to investment incentives as of December 31, 2016 has been accounted. (31 December 2015: None)

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Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

27. Taxes (continued)

As of December 31, 2016 and 31 December 2015, movement of deferred tax liabilities is as follows:

	December 31, 2016	December 31, 2015
Balance of January 1	5.496.146	6.334.756
Transfer of Prior Year Profit/Loss (*)	-	(1.400.911)
Deferred Tax (advantage)/expense reflect to Income St	(14.846.686)	413.408
Other Compressive Expense Booked Value	(23.406)	148.893
Balance of December 31	(9.373.946)	5.496.146

(*) The amount related to the increase in value resulting from the sale of real estate owned by the company and registered in the name of the province Izmir, Çiğli district, Büyük Çiğli Mahallesi, 2144 island, parcel number 5, area of 30,305 m2.

28. Earnings per share

Earnings/(loss) per share is calculated as follows:

January 1, 2016- December 31, 2016 January 1, 2015- December 31, 2015

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Profit/(loss) for the period	60.346.312	28.876.478
Weighted average number of ordinary shares at the beginning of the period *	7.960.000.000	5.956.690.000
Weighted average number of ordinary shares at the end of the period *	7.960.000.000	7.960.000.000
Earning/(loss) per share (TL)	0,7581	0,4844

(*) per share of Kr 1 nominal value.

Calculation of earnings per share is made by dividing the net income/(loss) for the current period by the weighted average number of outstanding shares.

Changes in the number of shares for the periods ended December 31, 2016 and December 31, 2015 are set out in the table below:

January 1, 2016- December 31, 2016 January 1, 2015- December 31, 2015

Number of shares	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Beginning of the period/year	7.960.000.000	5.956.690.000
Bonus issues from internal sources during the year		2.003.310.000
End of the period/year	7.960.000.000	7.960.000.000

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

28. Earnings per share (continued)

As of the reporting date, there was no transaction in relation to ordinary shares issued or planned to be issued other than those shown above.

Companies in Turkey are allowed to increase their share capitals through making transfers from various internal sources and extend bonus issues to shareholders based on this increase. In calculating earnings per share, the bonus shares are regarded as shares distributed as dividends. For that reason, these shares are deemed to be outstanding throughout the year in calculating the average number of shares.

29. Related party disclosure

i. Trade receivables from related parties consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Deceuninck (main partner)	3.182.473	1.671.800
Diğer Deceuninck Participation	14.671.908	10.779.028
Pimaş Plastik İnşaat Malzemeleri AŞ.	48.009.915	13.019.082
Total (Note 7)	65.864.296	25.469.910

ii. Trade payables to related parties consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
EgePen Plastik San. Ve Tic. A.Ş (Ege Pen)	1.240.241	1.176.826
Other Deceuninck Participant	312.593	313.506
Pimaş Plastik İnşaat Malzemeleri AŞ.	1.282.689	4.942.986
Total (Note 7)	2.835.524	6.433.318

iii. Acquisition of goods and services from related parties for the periods ended December 31, 2016 and 2015 consists of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Deceuninck (Main Shareholder)	116.249	116.631
Other Deceuninck Participant	2.562.127	2.028.621
Pimaş Plastik İnşaat Malzemeleri AŞ.	27.089.570	3.813.456
Total	29.767.946	5.958.708

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

29. Related party disclosures (continued)

iv. Sales made to related parties in the periods ended December 31, 2016 and 2015 consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Deceuninck (Main Shareholder)	4.134.397	3.366.367
Other Deceuninck Participant	26.051.074	14.581.162
Pimaş Plastik İnşaat Malzemeleri AŞ.	137.637.380	33.631.962
Total	167.822.851	51.579.491

v. Fixed asset purchases made from related parties in the periods ended December 31, 2016 and 2015 consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Deceuninck (Main Shareholder)	3.070.434	1.640.626
Pimaş Plastik Sanayi A.Ş	6.000	3.992.865
Total	3.076.434	5.633.491

vi. Other purchases made from related parties for the periods ended December 31, 2016 and 2015 consist of the following:

	January 1, 2016- December 31, 2016	January 1, 2015- December 31, 2015
Deceuninck (Main Shareholder) *	7.794.966	5.677.076
Other Deceuninck Participant	1.467.795	2.014.683
Egepen Plastik San.Ve Tic.	380.762	344.477
Pimas Plastik İnşaat Mlz.	1.213.913	1.142.447
Total	10.857.436	9.178.683

(*) As of December 31, 2016 7.752.317 out of the indicated total consists of management service fees (31 December 2015 – TL 6.091.257).

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

29. Related party disclosures (continued)

Transactions with other Deceuninck affiliates consist of other miscellaneous expenses and the amount related to Ege Pen consists of trademark expenses.

viii. Salaries and similar benefits provided to top management such as CEO, Board Members, General Manager, General Coordinator, and Assistant General Manager of the Company for the period ended December 31, 2016 amounts to TL 7.673.825 (December 31, 2015 - TL 5.835.250).

ix. As of December 31, 2016 and 31 December 2015, the unaudited statutory financial data of the Subsidiaries before elimination consists of the following:

Deceuninck
Importadora Limitada

December 31, 2016 December 31, 2015

Total assets	27.018.860	20.271.481
Gross sales	27.594.649	19.771.783
Net profit/(loss) for the period	57.353	(408.932)
Equity	15.667	(40.755)
Current Assets	24.912.770	18.722.186
Non-current assets	2.106.090	1.549.294
Short-term Liabilities	27.003.193	20.312.236
Long-term Liabilities	-	-
Total Comprehensive Income	57.353	(408.932)

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

29. Related party disclosures (continued)

Deceuninck Brasil

December 31, 2016 December 31, 2015

Total assets	4.746.293	3.380.800
Gross sales	4.390.407	645.342
Net profit/(loss) for the period	(1.222.462)	(2.077.091)
Equity	(2.356.361)	(565.022)
Current Assets	4.618.995	3.311.046
Non-current assets	127.298	69.754
Short-term Liabilities	5.175.861	2.315.256
Long-term Liabilities	1.916.239	1.630.566
Total Comprehensive Income	(1.222.462)	(2.077.091)

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

30. Nature and level of risks arising from financial instruments

Due to its operations, the Parent Company is exposed to various financial risks including the effects of changes in foreign exchange rates and interest rates in loan market and capital market prices. These risks comprise price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Parent Company’s general risk management program focuses on the unpredictable and fluctuating characteristic of the financial markets and aims to minimize their potential negative impact on the financial performance of the Parent Company.

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

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

i. Price Risk

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

ii. Interest Rate Risk

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

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

Interest position chart and related sensitivity analysis

As of December 31, 2016 and 2015, the interest position of the Parent Company is set out in the table below:

		Current period January 1, 2016 December 31, 2016	Prior period January 1, 2015 December 31, 2015
Financial Assets (Note 4)	Financial Instrument with fixed interest rate Time Deposit	75.313.839	85.140.890
Financial Assets	Financial Instrument with fixed interest rate Financial Liability	222.288.751	98.681.560
Financial Assets	Financial instruments with floating interest rate	-	-
Financial Liabilities (Note 5)	Financial Instrument with fixed interest rate Financial Liability	-	79.737.900

iii. Liquidity Risk

Prudent liquidity risk management stands for maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Management monitors the funding risk of the Parent Company’s current and potential loan requirements through maintaining continuous access to sufficient number of committed credit lines.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

December 31, 2016

Expected or contractual terms	Book value	Total contractual cash outflows (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Financial liabilities (non-derivative)	-	-	-	-	-	-
Bank loans	222.344.742	237.278.726	30.457.354	91.591.995	97.965.634	17.263.743
Other financial liabilities	145.698.627	147.105.913	38.634.243	108.471.670	-	-
Notes payable	83.379.39	83.913.846	83.490.506	423.340	-	-
Trade payables	69.369.046	69.369.046	23.550.118	45.818.928	-	-
Other payables (Deferred income)	-	-	-	-	-	-
Expected or contractual terms	-	-	-	-	-	-
Derivative financial liabilities	753.449	753.449	753.449	-	-	-

December 31, 2015

Expected or contractual terms	Book value	Total contractual cash outflows (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Financial liabilities (non-derivative)						
Bank loans	178.909.952	197.151.422	21.656.797	41.356.077	105.251.269	28.887.279
Other financial liabilities	35.958.214	36.199.270	31.217.073	4.982.197	-	-
Notes payable	65.196.285	65.543.274	47.134.731	18.408.54	-	-
Trade payables	38.622.608	38.622.608	15.603.495	23.019.113	-	-
Other payables (Deferred income)						
Expected or contractual terms	-	-	-	-	-	-
Derivative financial liabilities	176.964	176.964	176.964			

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

iv. Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Parent Company management monitors such risks by minimizing the average risk for the counterparty in the agreements (other than related parties) and receiving collaterals when necessary. The Parent Company’s collection risk basically arises from its trade receivables from dealers or other customers. The Parent Company monitors this risk either by extending the credit limits allocated to dealers up to the level of collaterals received or by receiving advance payments. The utilization of these credit limits are continuously followed up by the management and the credit quality is regularly assessed taking into consideration the customer’s financial position, past experience and other similar factors.

Trade receivables are evaluated by the Parent Company management based on past experiences and current economic condition, and are presented in the financial statements net of provision for doubtful receivables.

The Parent Company attempts to control credit risk by extending the range of its sales operations, avoiding unfavorable concentrations on persons or groups of a certain sector or region. The Parent Company also obtains collaterals from customers when deemed necessary.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

iv. Credit Risk(continued)

Disclosures regarding maturity and guarantee structure of receivables and cash and cash equivalents are as follows:

December 31, 2016	Receivables				
	Trade receivables (Note 7)	Trade receivables from related parties (Note 7)	Other receivables (Note 8)	Other receivables from related parties (Note 8)	Cheques submitted for collection (Note 4)
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	274.317.520	65.864.296	1.422.399	13.796.610	77.820.438
- Maximum risk secured by guarantee (2)	(206.414.460)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	263.042.289	65.864.296	1.422.399	13.796.610	77.820.438
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	11.275.231	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	42.764.390	-	-	-	-
- Impairment (-) (Note 7)	(42.764.390)	-	-	-	-
- Net value under guarantee	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off-balance sheet items having credit risk	-	-	-	-	-

1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

iv. Credit Risk(continued)

Disclosures regarding maturity and guarantee structure of receivables and cash and cash equivalents are as follows:

December 31, 2015	Receivables				
	Trade receivables (Note 7)	Trade receivables from related parties (Note 7)	Other receivables (Note 8)	Other receivables from related parties (Note 8)	Cheques submitted for collection (Note 4)
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	253.355.655	25.469.910	1.107.388	3.840.539	87.487.429
- Maximum risk secured by guarantee (2)	(202.040.932)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	240.525.836	25.469.910	1.107.388	3.840.539	87.487.429
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	9.075.218	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	28.005.345	-	-	-	-
- Impairment (-) (Note 7)	(28.005.345)	-	-	-	-
- Net value under guarantee	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off-balance sheet items having credit risk	-	-	-	-	-

1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

v. Foreign Currency Risk

The Company carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro.

The Parent Company and its Subsidiaries are also exposed to foreign exchange risk due to the transactions made. Such risks arise from sales and purchases of goods and receiving bank loans denominated in currencies other than the Company’s functional currency.

The Company monitors its foreign exchange risk by maintaining the balance between its foreign currency assets and liabilities and changing its pricing policy in line with the currency fluctuations, and also by analysing its foreign currency position. The net foreign currency position of the Parent Company and its subsidiaries as of December 31, 2016 and 31 December 2015 is stated in detail below.

In total;

	December 31, 2016 (TL Amount)	December 31, 2015 (TL Amount)
A. Assets denominated in foreign currency	112.767.600	121.321.472
B. Liabilities denominated in foreign currency	(269.269.801)	(167.388.641)
Net foreign currency position (A+B)	(156.502.201)	(46.067.169)

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

The foreign currency position of the Parent Company and its Subsidiaries as of December 31, 2016 is as follows:

	Current Period			
	TL equivalent (functional currency)	USD	Euro	AUD
1. Trade receivables	75.030.567	766.445	18.296.438	1.756.422
2a. Monetary financial assets (including cash and bank accounts)	36.309.293	9.129.009	1.127.385	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	1.427.740	65.920	322.314	-
4. Current assets (1+2+3)	112.767.600	9.961.374	19.746.137	1.756.422
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	112.767.600	9.961.374	19.746.137	1.756.422
10. Trade payables	(160.754.054)	(42.511.273)	(3.005.036)	-
11. Financial liabilities	(24.199.837)	-	(6.523.043)	-
12a. Monetary other liabilities	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(184.953.891)	(42.511.273)	(9.528.079)	-
14. Trade payables	-	-	-	-
15. Financial liabilities	(84.315.910)	-	(22.727.273)	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(84.315.910)	-	(22.727.273)	-
18. Total liabilities (13+17)	(269.269.801)	(42.511.273)	(32.255.352)	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	146.703.284	33.253.036	8.000.000	-
19a. Total hedged asset amount	-	-	-	-
19b. Total hedged liability amount	146.703.284	33.253.036	8.000.000	-
20. Net foreign currency asset/(liability) position (9+18+19)	(9.798.916)	703.137	(4.509.215)	1.756.422
21. Net foreign currency asset/ (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(157.929.940)	(32.615.819)	(12.831.529)	1.756.422
22. Total fair value of financial instruments used for foreign currency hedging	146.703.284	33.253.036	8.000.000	-
23. Export(*)	88.283.451	2.221.541	23.770.200	999.500
24. Import(*)	215.803.721	44.244.224	24.643.930	9.125

(*) Average rate of exchange is used.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

The foreign currency position of the Parent Company and its Subsidiaries as of December 31, 2015 is as follows:

	TL equivalent (functional currency)	Prior Period		
		USD	Euro	AUD
1. Trade receivables	58.987.786	838.919	16.426.438	2.057.245
2a. Monetary financial assets (including cash and bank accounts)	61.105.890	183.695	19.062.115	61.105.890
2b. Non-monetary financial assets	-	-	-	-
3. Other	1.227.796	-	386.391	-
4. Current assets (1+2+3)	121.321.472	1.022.614	35.874.944	63.163.135
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	121.321.472	1.022.614	35.874.944	63.163.135
10. Trade payables	(56.172.641)	(18.373.777)	(865.133)	-
11. Financial liabilities	(19.065.600)	-	(6.000.000)	-
12a. Monetary other liabilities	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(75.238.241)	(18.373.777)	(6.865.133)	-
14. Trade payables	-	-	-	-
15. Financial liabilities	(92.150.400)	-	(29.000.000)	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(92.150.400)	-	(29.000.000)	-
18. Total liabilities (13+17)	(167.388.641)	(18.373.777)	(35.865.133)	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	51.856.323	18.015.863	500.000	(1.000.000)
19a. Total hedged asset amount	(526.600)	-	500.000	(1.000.000)
19b. Total hedged liability amount	52.382.923	18.015.863	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	5.789.154	664.700	509.811	1.057.245
21. Net foreign currency asset/ (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(47.294.965)	(17.351.163)	(376.580)	2.057.245
22. Total fair value of financial instruments used for foreign currency hedging	51.856.323	18.015.863	500.000	(1.000.000)
23. Export(*)	63.557.000	2.303.082	18.132.858	1.257.574
24. Import(*)	180.594.650	44.634.472	19.656.203	-

(*) Average rate of exchange is used..

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

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

The following tables demonstrate the sensitivity to a possible change of 10% in the USD, Euro, and AUD exchange rates, with all other variables held constant, on the income before tax of the Parent Company and its subsidiaries as of December 31, 2016 and December 31, 2015.

	December 31, 2016			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL				
1- USD net asset/liability	(11.454.960)	11.454.960	-	-
2- Amount hedged from USD risk (-)	11.702.408	(11.702.408)	-	-
3- USD Net Effect (1+2)	247.448	(247.448)	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	(4.640.794)	4.640.794	-	-
5- Amount hedged from Euro risk (-)	2.967.920	(2.967.920)	-	-
6- Avro Net Effect (4+5)	(1.672.874)	1.672.874	-	-
When AUD changes by 10% against TL::				
7- AUD net asset/liability	445.534	(445.534)	-	-
8- Amount hedged from AUD risk (-)	-	-	-	-
9- AUD Net Effect (7+8)	445.534	(445.534)	-	-
When GBP changes by 10% against TL:				
10- GBP net asset/liability	-	-	-	-
11- Amount hedged from GBP risk (-)	-	-	-	-
12- GBP Net Effect (10+11)	-	-	-	-
Total (3+6+9+12)	(979.892)	979.892	-	-

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

December 31, 2015				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL:				
1- USD net asset/liability	(5.045.024)	5.045.024	-	-
2- Amount hedged from USD risk (-)	5.238.292	(5.238.292)	-	-
3- USD Net Effect (1+2)	193.268	(193.268)	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	3.118	(3.118)	-	-
5- Amount hedged from Euro risk (-)	158.880	(158.880)	-	-
6- Avro Net Effect (4+5)	161.998	(161.998)	-	-
When AUD changes by 10% against TL:				
7- AUD net asset/liability	435.190	(435.190)	-	-
8- Amount hedged from AUD risk (-)	(211.540)	211.540	-	-
9- AUD Net Effect (7+8)	223.650	(223.650)	-	-
When GBP changes by 10% against TL:				
10- GBP net asset/liability	-	-	-	-
11- Amount hedged from GBP risk (-)	-	-	-	-
12- GBP Net Effect (10+11)	-	-	-	-
Total (3+6+9+12)	578.916	(578.916)	-	-

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

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

vi. Capital management

In managing capital, the objectives of the Parent Company are to maintain the activities of the Parent Company in order to maintain the optimal capital structure in order to benefit the shareholders, to benefit other shareholders and to reduce the cost of capital.

In parallel with the other entities in the sector, the Parent Company monitors its debt/equity ratios for capital management purposes. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (total amount of short and long term liabilities in the statement of financial position) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position

	December 31, 2016	December 31, 2015
Total Liabilities	536.516.273	335.564.890
Cash and Cash Equivalents (-) (Note 4)	(91.617.048)	91.327.968
Net Liabilities	444.899.225	244.236.922
Total Capital	279.188.585	219.788.949
Debt/equity ratio	159%	111%

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

31. Financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists.

The Company has determined the estimated values of its financial instruments by using the available market information and best practices for valuation. However, fair value measurement requires interpretation and reasoning. Accordingly, the estimates arrived at may not always be the indicators of values that the Company would obtain from a current market operation.

The Company Management assumes that the carrying values of financial instruments approximate their fair values.

Financial assets

These assets are cash and cash equivalents, relevant interest accruals and other short term financial assets, recognized at cost. As they are short term assets, their carrying values are deemed to approximate their fair values. The carrying values of trade receivables less provisions made for rediscount and doubtful receivables, are deemed to approximate their fair values.

Financial liabilities

Monetary debts whose carrying values approximate their fair values:

The fair values of trade payables and other monetary liabilities are estimated to approximate carrying value due to their short-term nature. Bank loans are stated at discounted cost and the transaction costs are added onto the initial recording of loans. The fair values of bank borrowings are considered to approximate their respective carrying values, since the interest rates applied to bank borrowings are updated periodically to reflect active market price quotations. The fair value of loans with fixed interest carried at a total of TL 222.288.751 TL is 225.419.604 TL The carrying values of trade payables net of rediscount provision are assumed to approximate their fair values.

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

31. Financial Instruments (continued)

Table of fair value measurement hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to their sources, using a three-level hierarchy as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets

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

Level 3: Valuation techniques does not contains observable market inputs

The hierarchy table of financial assets and liabilities carried at fair value as of December 31, 2016 is as follows:

	Level 1	Level 2 (*)	Level 3
Financial assets carried at fair value	-	-	-
Financial liabilities carried at fair value	-	146.703.284	-
Fair value of forward operations	-	146.703.284	-

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

	Level 1	Level 2 (*)	Level 3
Financial assets carried at fair value	-	(526.600)	-
Financial liabilities carried at fair value	-	52.382.923	-
Fair value of forward operations	-	51.856.323	-

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

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the consolidated financial statements as of December 31, 2016 (Currency – In Turkish Lira (“TL”), unless otherwise indicated)

32. Subsequent events

None.

Part 6 OTHER ISSUES

Insurance,

The total insurance amounts of the assets for the respective periods are as follows (TL);

	31 December 2016 (TL Amount)	31 December 2015 (TL Amount)
The total amount of insurance on assets	671.830.340	340.839.504

The annual activity reports of the parent company Deceuninck NV are published on the website www.deceuninck.com

THE ACCOUNTABILITY REPORT OF THE BOARD OF DIRECTORS PURSUANT TO TCC ARTICLE 199

The following is the conclusion of the report prepared by the Board of Directors of our Company disclosing our relationship with the Parent Company and its Subsidiaries in accordance with the Article 199 of TCC.

There were no transactions made within the previous financial year with the parent company, or a subsidiary of the parent company, under the direction of the parent company or in favor of the parent company or one of its subsidiaries.

In the same operating period, there were no transactions or measures taken or avoided for the benefit of the parent company or a subsidiary of the parent company, and no offsetting transaction was carried out in relation to losses.

As there were no legal transactions made with the parent company or a subsidiary of the parent company, there were no measures taken or avoided as per the conditions and circumstances known to us, thus there was no need to carry out a suitable counter action for each transaction, and no losses were incurred by the Company.

As per our obligation to prepare an affiliated company report, we hereby declare that we prepared said report in compliance with accurate and honest accounting principles and for the purposes of;

Reporting any transactions made in favor of the parent company or against a subsidiary,

- a) Offsetting the losses, if any should occur;
- b) Remedying in favor of the subsidiary the unfavorable results of the risk of refraining from the benefits of the subsidiary in the interest of the group,
- c) Thus; protecting the minority shareholders, suppliers, creditors and workers.
- d) We also declare that our company has not incurred any losses in the activity year of 2015 as a consequence of any transaction as per the conditions and circumstances known to us.

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The Corporate Governance Principles Compliance Report of Ege Profil Tic. ve San. A.Ş. ("the Company") for 2016 is issued as per the format as set forth under the Capital Market Board's Board Bulletin no. 2014/02 of 27.01.2014.

SECTION I CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

As our company falls within the scope of the Capital Market Board's regulations, it completely fulfills its legal obligations in terms of public disclosure and transparency, and discloses its periodic financial statements, footnotes, Independent Audit Reports to the public. Furthermore, in case of extraordinary circumstances, it makes material disclosures to Borsa Istanbul A.S. Our company, which occupies an important position in the plastic door and window industry, places particular importance on customer satisfaction.

To respond to customer requests and expectations in a prompt manner, a Customer Relations Department was formed. With surveys and interviews that are being conducted periodically, the requests are evaluated and the decisions are made.

While the compulsory principles under Corporate Governance Communiqué no. II-17.1. are fully complied with, we are also in compliance with a great majority of non-compulsory principles. Although the objective is to establish full compliance with the non-compulsory Corporate Governance Principles, due to reasons such as difficulties encountered in the implementation of some of the principles, the ongoing discussions regarding compliance with some of the principles, in our country and in the international platform alike, and incompatibility of some of the principles with the market and the existing structure of the company, a full compliance is yet to be established. The principles that are not currently implemented are works in progress; and the implementation is scheduled to take place after the administrative, legal and technical infrastructure works which will contribute to the effective management of our company are completed.

SECTION II SHAREHOLDERS

List of shareholders (31 December 2016)

Shareholder	Nominal Value (TL)	Share Rate (%)
Deceuninck NV	77.641.840	97,54
Equity	1.958.160	2,46
TOTAL	79.600.000	100,00

2.1 SHAREHOLDERS RELATION UNIT

Our company did not establish a special unit for its relations with the shareholders, and the Shareholder Relations unit which is affiliated to the Directorate of Financial Affairs as per the 11th article of the Corporate Governance Communiqué, is stated below.

The main duties of the department are as follows:

- Responding to the information requests of the shareholders,
- Ensuring that the general assembly meeting is being conducted properly,
- For the general assembly meeting, preparing documents for the partners,
- Ensuring that the voting results are recorded and the reports in relation with the results are being sent to the shareholders,
- Supervising and monitoring all matters related to public disclosure.

Persons Responsible for the Shareholders Department:

Gülşah KARAN - Financial Division Manager, Capital Market Advanced License, Corporate Governance Rating License
Phone : (232) 398 98 64
E-Mail : Gulsah.Karan@deceuninck.com

Banu ÖZBERBER - Accounting and Reporting Division Manager
Phone : (232) 398 97 51
E-Mail : Banu.ozberber@deceuninck.com

During the period, a total of 21 information request applications that had been sent by our shareholders were found and answered.

2.2 EXERCISE BY THE SHAREHOLDERS OF THE RIGHT TO INFORMATION

The information requests of the shareholders are being responded to by our personnel who were assigned by the Directorate of Financial Affairs and information is being given regarding matters such as general assemblies, stocks, profit distribution suggestions etc.

During the period, all information requests and questions that had been communicated to us by our shareholders via telephone during the period were answered.

Almost all of the questions that are asked to our company by the shareholders are related to the market value progression of our stocks, sales turnover, profit for the period and dividend distribution. These questions remain unanswered if they have not been already disclosed to the public pursuant to the Capital Market Board Regulations, however if such information is public, it is ensured that the shareholders receive such information readily and accurately. General information and Material Disclosures are being communicated to the public via Borsa Istanbul A.Ş. and PDP (Public Disclosure Platform).

Our company's articles of incorporation do not regulate the "request for the appointment of a private auditor" as an individual right, and in cases where a related provision does not exist in the articles of incorporation, the relevant articles of the Turkish Commercial code are taken into consideration. No requests for the appointment of a private auditor were made during the period.

2.3 GENERAL MEETINGS

Our company held its 2015 annual Ordinary General Assembly Meeting with regards to activities of 2014, on the date 24 May 2016, at the Company Headquarters address Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 Çiğli- İZMİR.

The General Assembly meeting was held with a majority of 97,54%, with the attendance of 7.764.045.698 shares by proxy and the attendance of 11.062.878,4 shares personally, among the total of 7.960.000,00 shares that correspond to a total capital of 79.600.000,00 TL.

For our company's General Assembly meetings, our company articles of incorporation specifies that the shareholders who represent at least 75% of the company capital must be in attendance. Invitations for the meeting were announced through the Trade Registry Gazette dated 03.05.2016 no. 9067 page no. 638. In these invitation announcements, information was given regarding matters such as the location of the general assembly, its day and time, a sample power of attorney for the attorneys who will be in attendance, the deadline for the annulment of constraints if there are partners who are applying constraints, and the date and place to make the 2015 annual financial statements, board of directors, independent audit reports available for the evaluation of the partners.

At the General Assembly, the shareholders abstained from their right to ask questions, have communicated their opinions and wishes during the last agenda item and have not made any suggestions.

The minutes of the General Assembly are submitted for the consideration of the shareholders at the company headquarters.

Regarding all donations and financial support that were given during the period, the partners are informed in detail during the Ordinary General Assembly Meeting for the relevant year. Indeed, the partners were informed regarding the donations and financial support given during the period at our Company general assembly.

There are no changes in question with respect to the donation and financial aid policy.

Within the framework of our company donation and aid policies, the donations and financial aid given during the year 2016 are as follows;

Tema Foundation and changing the doors and windows of the primary school located in the Ağrı province Tezeren village.

DONATIONS	2016	2015
TL	102.460	22.883

2.4 VOTING RIGHTS AND MINORITY RIGHTS

According to our company's articles of incorporation, during the Ordinary and Extraordinary General Assembly meetings, each share grants one right to vote and there are no shares with privileged voting rights.

At the General Assembly meetings, voting is conducted openly by raising one's hand. However at the request of shareholders or representatives who correspond to 5% of the capital, it is mandatory to conduct secret voting.

Cumulative voting is prohibited at our company's general assembly meetings.

At the general assembly, a quorum is reached with 3/4 of the existing votes being positive, notwithstanding the number of the meeting in terms of order.

2.5. DIVIDEND RIGHTS

According to our company's articles of incorporation, the net profit stated on the annual financial statement which is the remaining amount after the deduction of overhead expenses and various depreciation expenses which are to be paid and to be reserved by the company and the taxes payable by the company legal entity from the income determined at the end of the fiscal year is distributed among the shareholders after a further deduction of the previous year's losses, as provided in the articles of incorporation.

Our company's profits to be distributed in the relevant year is determined in consideration of the regulatory provisions, and a distribution policy which incorporates the board of directors' profit distribution suggestions that are submitted for the General Assembly's approval, our company's profitability, the shareholders' expectations and our company's strategies for growth.

General Assemblies are held within 3 months following the end of each fiscal year, and profit distribution is done within the specified timeframe pursuant to the distribution date resolution made by the general assembly. Board of directors' profit distribution suggestions and earnings per share are included in the annual activity report.

There are no privileges with regards to participation in the company profits. The profit distribution policy is announced to the public via the web site, submitted for the shareholders' information during the general assembly, and included in the annual activity report.

It was decided during the general assembly that our company's net distributable profit for the period in the 2015 fiscal year is to be retained on the accumulated profit/loss account to be later utilized during the investment project.

2.6. TRANSFER OF SHARES

There are no limiting provisions in our company's articles of incorporation with regards to the transfer of shares.

SECTION III PUBLIC DISCLOSURES AND TRANSPARENCY

3.1 COMPANY'S INFORMATION POLICY

Our company's disclosure policy aims to present our Company's performance history and future expectations and its vision aside from the information that are considered as trade secrets; to the extent allowed by the nature of the industry in which our company operates, in accordance with the commonly accepted accounting principles and the Capital Market Provisions; in a complete, fair, accurate, timely and understandable manner, to the shareholders, the capital market participants and to the information of the public.

Public Disclosure Methods and Tools

Without prejudice to the Capital Market Regulations and the provisions of TCC, the public disclosure and informing policy methods and tools that are being used by the company are as follows;

- Material disclosures communicated via Borsa Istanbul A.Ş. (BIST) and Public Disclosure Platform (PDP),
- Central Registration Agency (CRA) "e-MANAGE: Corporate Management and Investor Relations Portal,
- Financial statements and footnotes, independent audit reports and statements that are being periodically communicated to BIST via PDP,
- Annual activity reports,
- Corporate web site { www.egeprofil.com.tr }
- Announcements and notifications made through Turkish Trade Registry Gazette and daily newspapers,
- Press releases made through printed and visual media,
- Briefing and discussion meetings with the Capital Market Participants, that are held personally or via tele-conference.
- Telephone, electronic mail, tele-fax etc. communication methods and tools
- Any questions and comments directed towards the company,
- May be answered in written or verbal form within the authority of the shareholders unit who are assigned by the Chairman and Members of the Board of Directors, Members of the Board of Supervisors, the General Manager and the Directorate of Financial Affairs.
- Other employees aside from the foregoing, are not authorized to respond to the written and/or verbal information requests directed by the capital market participants.

3.2 COMPANY'S WEB SITE AND ITS CONTENT

Our company's website is www.egeprofil.com.tr . When logged in to our site, automatic access to sites www.egepen.com.tr, www.maestropencere.com, www.inoutic.com and www.winsa.com.tr is provided. Information regarding our Egepen Deceuninck and Winsa products, dealers and services are included in the site. With a link on our site to www.deceuninck.com, information may be found regarding the Deceuninck group to which we are affiliated.

The company website includes the information specified on the TCC and the Capital Market Board Corporate Governance Principles, and changes to such information is updated.

All measures regarding the security of the company website are taken and studies are conducted on a continuous basis to ensure its development.

3.3 ANNUAL REPORT

The contents of the Activity Report are prepared in accordance with the TCC, Capital Market regulations and the CMB Corporate Governance Principles.

Following the approval of the Board of Directors, the Activity Report is submitted to the shareholders during the General Assembly meeting and is announced at the website.

SECTION IV STAKEHOLDERS

4.1 INFORMING TO STAKEHOLDERS

Shareholders

Our company's shareholders are informed via legal notifications, our website and our investor relations department as provided in the Article 3.1 "Company Disclosure Policy".

Customers

Information is given regarding all matters related to our company and concerning our customers. Our Technical Support and Sales & Marketing Departments organize meetings and training activities with our dealerships in relation with sales and technical matters on pre-determined occasions. Furthermore, all developments and news concerning our dealerships are announced to such dealerships via circulars issued by us. Additionally, our website also announces information and news regarding our company.

Employees

All arrangements in relation with our company employees are performed according to the existing Labor Code and other laws and regulations, and procedures related to the employees are drafted in written form.

Regulatory Authorities

All activities of our company are subject to the regulations of the Capital Market Board and Turkish Commercial Code. Our accounts are regularly audited in accordance with CMB and Tax Regulations. Reports prepared with respect to such audits are announced periodically via the Public Disclosure Platform.

Stakeholders are informed with regards to our company activities via general assemblies or material disclosures within the scope of public disclosure principles. These disclosures are communicated via Borsa Istanbul A.Ş. and PDP (Public Disclosure Platform).

Furthermore, the compensation policy directed at company employees was explained on the Human Resources policy.

4.2 PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

To ensure the participation of our personnel on different levels in the management, our company holds regular meetings that are represented by departments, attended by department managers and directors and executive directors every 3 months, to review the annually determined targets and at such meetings information exchange is facilitated regarding the relevant issues. The resolutions are implemented by the departments and the improvements that have been deemed expedient are made.

4.3 HUMAN RESOURCES POLICY

With an understanding that the most effective resources to achieve the company targets that are in line with our company's mission, vision and fundamental values are human resources, the Human Resources Department conducts success-oriented, modern and strategic human resources practices in cooperation with the other departments.

The goal of our human resources policy is;

To carry our company into the future and to achieve its long-term objectives with our employees who have our company's spirit, motivation, job satisfaction and high performance.

In this context, our fundamental principles are as follows;

- Creating a suitable environment for our employees in which they can personally and professionally develop, organizing training plans to enhance the employees' knowledge, skills and personal developments,
- Evaluating the performance by measuring them with objective criteria,
- Rewarding high performance, support the improvement of a performance that is lower than expected,
- Creating and maintaining a safe, healthy and peaceful environment with regards to occupational safety and work health.
- Organizing various social activities on a regular basis to increase the employees' morale and motivation. Instilling a sense of belonging, unity and solidarity with social activities.
- Taking measures to increase efficiency and to improve work conditions.

As our company is not a member of a trade union as per statutory regulations and collective labor agreements are not executed, in this context there are no Union Workplace Representatives within the company.

The Human Resources Department determines candidates that are suitable for the nature of the respective job, evaluates them without discrimination, ensures their recruitment and that they take equal advantage of the benefits throughout their career, within the framework of the human resources policy. During the year 2016, our Company has received no complaints with regards to any issue which may constitute as discrimination or as a violation of the equal opportunity principles.

At our company, two different Performance Evaluation and Improvement Systems that investigate different criteria for the production personnel and the administrative personnel are being implemented. The main objective in both systems is achieve management goals.

For our company, which believes in the importance of team work, achieving the company goals that have been determined by the top management and the department goals that have been determined by the departments, is an indicator of success for all our employees.

Another critical issue is to implement the development plans that are personally established by each employee during the previous year, and to evaluate them during the next year.

The final and the most important critical aspect of our system is facilitating mutual feedback. With performance evaluation interviews conducted personally at the end of each year, our employees have the opportunity to receive developmental coaching from their manager.

No compensation policies for employees aside from the legal compensations stipulated by the laws and the regulation are implemented.

4.4 CODES OF CONDUCT AND SOCIAL RESPONSIBILITY

CODES OF CONDUCT

The company activities are conducted pursuant to the code of conduct which is publicly disclosed via the corporate Website.

Our partner Deceuninck NV has also communicated its Corporate Code of Conduct which it had established in all its companies to our company's employees in 2004, and in new recruitments, these codes are signed and executed. The goal of the Corporate Code of Conduct is to set forth our commitment to high ethical standards and to reinforce the prompt and consistent actions to be taken to protect such standards. All employees undertake to comply with the high ethical and social standards of behavior as they pertain to the contents and essence of the document.

Our company's code of conduct is disclosed to the public along with the activity reports and announced on our website.

SOCIAL RESPONSIBILITY

Our company's Izmir production facilities are certified since 2007 and our Kocaeli-Sarımeşe production facilities are certified since 2008 with respect to the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Management Systems Standards.

To this day, our company has not faced any claims or sanctions regarding environmental protection. It led its sector on a new subject in 2007 when it adopted the use of eco-friendly Calcium Zinc stabilizer instead of lead stabilizer. It recycles waste emerging at the production stage by 90% by using for its own production. Our company is not subject to emission permit. In our production facilities, which are not subject to emission permits, an important step has been taken to prevent air pollution by converting our heating system to natural gas. Our recyclable wastes are separated, collected, and given to licensed establishments to ensure that they are reused. Similarly, our hazardous wastes are given to licensed establishments, in order to ensure their disposal without harming the environment.

In our factories that are not subject to noise permit, the noise level is measured in the production site and its surrounding day and night in order to keep the noise levels within legal limits.

As far as our company is concerned, statutory behavioral standards are merely the minimum acceptable behavioral standards. We clearly have to comply with the law; however we strive for a higher standard. The spirit of our corporate code of conduct helps us all in the face of special circumstances. Thus, we must embrace the goal and spirit of our corporate code of conduct and consult the authorities when we are in doubt in terms of our choices in action.

Our company operates with the awareness of its social responsibilities in all of its activities and pays its due diligence in terms of complying with the environmental values.

No lawsuits have been brought against our company with regards to the damages caused to the environment.

SECTION V BOARD OF DIRECTORS

5.1 STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The Board of Directors manages and represents the company by especially paying attention to the long-term interests of the company through strategic decisions it takes with a rational and prudent risk management approach in order to keep the risk, growth, and return balance of the company at the most appropriate level. The backgrounds of the members of our board of directors, along with the statements of independency made by our independent members are included in the activity report and in our corporate website.

It defines the strategic goals of the company, and determines the human and financial resources to be required by the company.

It supervises the compliance of our company activities with the articles of corporation, internal directives, and the policies established based on the regulations.

The area of operation, working principles, and the members of the committees to be constituted within the body of the Board of Directors are determined and announced to the public by the Board of Directors in accordance with the provisions of the Turkish Labor Law and the provisions of the Capital Market regulations.

Corporate policies and rules, which are required to be prepared pursuant to the Capital Market regulations, are prepared by the Board of Directors and when required, they are submitted for the information or approval of the General Assembly, and announced.

5.2 ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

According to our company's articles of corporation; the Board of Directors meetings may be held whenever required; also additionally, the administrative board is obligated to meet a minimum of four times a year within three months at the latest.

Members are invited to the meetings in written form by the secretariat of Head Office. Meeting agenda is set through the negotiations to be conducted between the Chairman of the Board of Directors and the members. The articles of corporation contain provisions concerning the validity of the decisions made by the Board of Directors and according to this, the Board of Directors convene with the majority of all members and makes the resolutions with the majority of the members in attendance.

The Members of the Board of Directors are always entitled to cast a negative vote and lodge a statement of opposition. The veto rights of the Members of the Board of Directors have not been regulated by the company's articles of corporation.

Prohibition of Competition and Transaction with the Company for the Board of Directors

Our company's articles of corporation do not contain any provisions regarding the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors throughout the period and, without prior consent from the general assembly, they may not perform any transactions, whether personally or indirectly with the company, on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

During our company's General Assembly, the authorities and powers listed in the articles 395 and 396 of the TCC have been granted to the Members of the Board of Directors.

Throughout the year 2016, the members of the board of directors have not performed any transactions in connection with the company, and have not been engaged in any attempts that may compete against the company in its areas of activity.

A total of 20 Board meetings were held in the year 2016.

5.3 NUMBER, STRUCTURE AND INDEPENDENCY OF COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

The Board of Directors consists of minimum 5 (five) members to be elected by the general assembly among shareholders or externally within the limits of the provisions of the Turkish Commercial Code.

The Board of Directors is determined in manner that enables the members to perform efficient and constructive activities, reach quick and rational decisions while allowing the committees to be established and effectively organizing their efforts. The numbers, qualifications, and appointment procedures of non-executive and independent members to serve on the board of directors are determined in accordance with the relevant regulation provisions of the Capital Market and the regulations of the Capital Market Board regarding corporate governance. The Members of the Board of Directors are elected by the company's general assembly as per the provisions of the Capital Market Regulations, the Turkish Commercial Code, and the Company Articles of Corporation. As for independent members, any member whose tenure has ended may be re-elected provided that the capital market regulations are complied with.

The company is managed and represented by the Board of Directors. The Members of the Board of Directors are elected for maximum period of three years. Any member whose tenure has ended may be re-elected. If a membership becomes vacant for any reason, the board of directors elects a person who fulfills the legal requirements as a temporary board member.

Any temporary member who is appointed thusly, continues to serve until the first general meeting and with the approval of the general assembly, completes the tenure of the previous member. If a legal entity is elected as a member to the board of directors, a single natural entity, who was assigned by the legal entity, is registered and announced along with and on behalf of the legal entity; moreover, it is also promptly announced through the company website that the relevant registration and announcement have been completed. Only the aforementioned registered natural entity may participate and vote in meetings on behalf of the legal entity. It is obligatory for the Members of the Board of Directors and the natural entity to be registered on behalf of the legal entity and to be fully competent.

Following their election, the board members share tasks among themselves. Pursuant to an internal directive to be issued by the board of directors, management may be partly or wholly transferred to one or multiple members of the board or to a third person. The Board of Directors may be convened for a meeting at the request of any member of the board or at any time by the chairman of the Board of Directors in his own capacity. However the Board of directors meets a minimum of 4 (four) times a year within three months at the latest. The Board of Directors convene with the majority of all members and makes the resolutions with the majority of the members in attendance. The dates of the board of directors meetings are reported in written form to the members of the board of directors within a minimum of 10 (ten) business days in advance. A reasonable summary of the issues requested to be negotiated in the meeting and reports and other documents related to such issues (if any) are enclosed in such written notification. Board meetings are conducted inside or outside of the country, at a place to be determined by the board of directors, in the English language. However, the minutes and resolutions of the board meetings are drafted in Turkish. The English translations of the resolutions made are also attached to the resolutions. Pursuant to the article 1527 of the Turkish Commercial Code, those who are entitled to attend a meeting of the board of directors/board of managers may also attend such meetings via electronic media. The Company may establish an Electronic Meeting System to enable right holders to participate and vote in meetings electronically as per the provisions of the communiqué on Meetings to be Held in Trade Companies via Electronic Media, With The Exception of General Assemblies of Incorporated Companies, or may purchase a service among the systems established for this purpose.

The committees required to be set up within the scope of the company Board of Directors and Corporate Governance Principles consist of the following persons.

The Board of Directors

Francis Van Eeckhout	Chairman of the Board of Directors
Ergün Çiçekçi	Vice-Chairman of the Board of Directors
Wim Georges Clappaert	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee Responsible for Auditing

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee for The Early Detection of Risks

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director
Nurcan Güngör	Finance and Accounting Manager
Gülşah Karan	Finance Manager

The Corporate Governance Committee

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Francis Van Eeckhout	Chairman of the Board of Directors
Gülşah Karan	Finance Manager

Auditing Committee, The Committee for the Early Detection of Risks and the Corporate Governance Committee convene once every three months and conducts its activities based on the commonly accepted principles, and aside from the aforementioned, there are no other written regulations indicating the procedures to be followed by them.

5.4. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

During its Ordinary General Board Meeting held on 24 May 2016 and while in accordance with the Turkish Commercial Law and regulations by the Capital Markets Board, our Company has elected Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the Independent Auditing Firm for the Company's operating accounts during 2016.

The internal auditing unit of our partner Deceuninck Group conducts audits in accordance with the annual audit plans that are established on annual basis, and reports the findings obtained from the audits. The relevant audits are conducted with regards to the compliance of the activities and the operations performed with the statutory regulations or the company policies.

The internal auditing unit has communicated the findings of its audit conducted on 14 November 2016 and identified the areas to be developed. The action plans related to those areas of development have been promptly implemented. Items that are related to the monitoring of the findings have been included into the next year's audit plan.

Furthermore, with the periodic internal audits performed within our company, it is being inspected whether the requirements of the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management and TS 18001 Occupational Health and Safety Management Systems are being fulfilled or not, and the improvement works are commenced if and when required.

Moreover, our company which strives for continuous improvement by using simple production techniques, measures the in-plant order and organization on a team basis through monthly performed 5S audits.

Our company's goal is offering a healthier and safer working environment to the employees working for or on behalf of the company, dealerships, visitors and suppliers and protecting the environment during the normal course of its activities. In this regards, it works with a continuous improvement philosophy which complies with the legal requirements related to occupational health, safety and environment. In addition to the consultancy services we are outsourcing from an Occupational Safety Consulting company we are employing an Occupational Safety Specialist within our company staff.



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(Convenience translation of a report originally issued in Turkish)

AUDITOR'S REPORT ON EARLY RISK DETECTION SYSTEM AND COMMITTEE

To the Board of Directors of Ege Profil Ticaret ve Sanayi A.Ş.

Introduction

We have audited the early risk detection system and committee established by Ege Profil Ticaret ve Sanayi Anonim Şirketi (the "Company").

Responsibility of Board of Director's

According to the first clause of Article 378 of the Turkish Commercial Code (TTK) No. 6102, the board of directors is obliged to establish an expert committee and to operate and develop a system in order to manage early detection of risks that threaten the company's assets, development and the continuation; take the necessary precautions and implement the solutions.

Responsibility of the Independent Audit Institution

Our responsibility is to reach a conclusion regarding the system and committee of early detection of risks, based on the audit we performed. The audit we have conducted has been carried out in accordance with the ethical rules and principles of the "Audit Report on the Early Risk Detection System and Committee" issued by the Board of Trustees, Public Oversight, Accounting and Auditing Standards Authority. Requires the company to determine whether it has established an early detection system and committee, and if so, to evaluate whether the system and the committee have processed the TCC in accordance with Article 378. The measures taken by the early risk detection committee against risks and the practices implemented by management in response to risks are not covered by our audit.

Information on Early Risk Identification System and Committee

The company had established the system and committee on early detection of the risks and the committee consists of 4 (four) members. The committee has prepared reports regarding the management of early detection of risks that threaten the company's assets, development and the continuation; taking the necessary precautions for these risks and implementation of the solutions during the period from 1 January to 31 December 2016, and also submitted to the Board of Directors.

Conclusion

As a result of the audit we conducted, the system and committee for early detection of risk of Ege Profil Ticaret ve Sanayi Anonim Şirketi was reached in all important aspects within the framework of Article 378 of the Turkish Commercial Code, except as stated in the following paragraph.

The Committee on Early Risk Detection is obliged to submit a report on the status of the board of directors to the Board of Directors in accordance with Article 378 of the Turkish Commercial Code (TCC) in every two months and the Committee on the Early Detection of Trouble has submitted three (3) reports to the Board of Directors in 2016.

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

Ethem Kutucular, SMMM
Responsible Auditor

February 23, 2017
Istanbul, Turkey

5.5 STRATEGIC TARGETS OF THE COMPANY

For a sustainable future,

Why? Our Main Objective;

Innovative and Pioneering

Our goal is to convey our knowledge and expertise to your residences and to increase the comfort of your lives with the support of our expert staff and by manufacturing high quality and innovative products. We are working intensely to protect your residences and your loved ones from the adverse external conditions and we are offering you our new products by keeping up with the state-of-the-art technologies. As the manufacturing, installation and maintenance of our systems are considerably simple, all our products are manufactured in a manner that would meet your highest expectations in order to achieve maximum customer satisfaction.

Ecology

Our goal is to support all our customers to ensure an efficient energy use in the construction of the structures. That's why all our products are well insulated, durable and low-maintenance. In order to preserve the nature's form, our products are manufactured to cause minimum ecological footprint and have a recyclable structure.

Design

Our goal is to help you express your own style in the architecture and improve the beauty of your living spaces. Our products have a timeless design which will meet your expectations with its wide range of colors including the colors of nature, and with its natural textured and unique surface finishes.

Our Employees and Customers

We create a transparent, honest and sincere work environment for all our employees and all our customers. In this way we establish long lasting relationships and keep employees' and customers' satisfaction at the highest levels. We place importance in quality, safety, environment and people, and we work with a team spirit.

How? Our Main Values

Integrity

We always tell the whole truth, and act frankly and sincerely throughout the entire communication process.

We provide direct and positive feedback in our relations with our cooperative partners.

We act together with our employees and partners with a team spirit.

When we take corrective and preventive actions, we admit our mistakes honestly and defend the truth to the end.

We say what we mean and we mean what we say. That's what makes us unique.

High Performance

Our performance is regularly measured by our personnel, our customers, the society and our shareholders. With our passion to reach excellence we endeavor in all our business processes for continuous growth, and we proceed on our path with success without deviating from our main goals, values and vision.

We do what we say, we share what we do; this sums up our sense of responsibility and discipline.

While aiming for high performance our priorities are always: Human, Environment, Quality, Service and Profit (HEQSP), in that order.

Profit is essential for a company to ensure its continuity.

During all stages of our business from production to after-sales period, we work to improve our performance every day.

Entrepreneurship

We are open to the world and to all ideas.

We recognize opportunities and we make use of them.

We create a trusting environment in terms of exercising authority, we anticipate the risks and manage all processes successfully by taking initiative.

We embrace the business as our own business.

We respect the decisions of all our employees, we encourage them to take responsibility and appreciate their efforts afterwards.

What? Our Passion

Our Culture

As a result of the corporate culture we've established, all our employees and partners end up being proud of working together. They perform their work in accordance with the principles of integrity, high performance and entrepreneurship.

Durable, Eco-Friendly Products

We strive to manufacture well-insulated, durable, high quality and recyclable products.

Leadership In The Industry

Our company is one of the leading organizations in its industry. It is among the top three companies with its broad market share. The basis for this achievement is high performance in quality and services and customer relations that are based on mutual trust.

A Powerful Financial Structure

Our company has a sustainable powerful financial structure. We transform all our activities to fiscal targets and successfully accomplish all of our goals.

5.6 FINANCIAL RIGHTS

An amount which is approved by the Board of Directors is paid to our company's Top Executives. Additionally, taking the financial performance of the Company and the executives' contributions to such performance into account, a premium may be paid to the Top Executives at the end of each year. While determining the "Top Executive Salary Policy" in our Company, the status of production and sales activities in the Company, the extent of the area of activity, the overseas operations, the number of employees, the level of expertise required to maintain the operations, the characteristics of the industry, competitive conditions and the salary level of the companies of similar nature are taken into consideration.

Salaries of the Top Executives are determined in accordance with administrative measures such as the knowledge, skills, level of experience, scope of responsibilities etc. required as per the variety and of volume operations in the Company. By this way, a salary system which is fair within the Company, and competitive in the market is established. All aspects related to the salary is personal and confidential. This information is only known by the employee himself/herself, his/her supervisors and the Human Resources Department. It is imperative for the employee to pay attention to the matter of confidentiality and to not to share such information with other Company Employees or third parties. Otherwise, disciplinary action is taken against said employee pursuant to the disciplinary provisions.

As of the date 31 December 2016, the sum total of the salaries and similar benefits granted to the chairman and members of the Board of Directors and the top executives such as the general manager, general coordinator, deputy general managers, is 7.673.825 TL (December 31, 2016 - 5.835.250 TL).

HEADQUARTERS AND OTHER REGIONAL DIRECTORATES

CEPEB de ceuninck

winsa®
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