

DESA

www.desa.com.tr

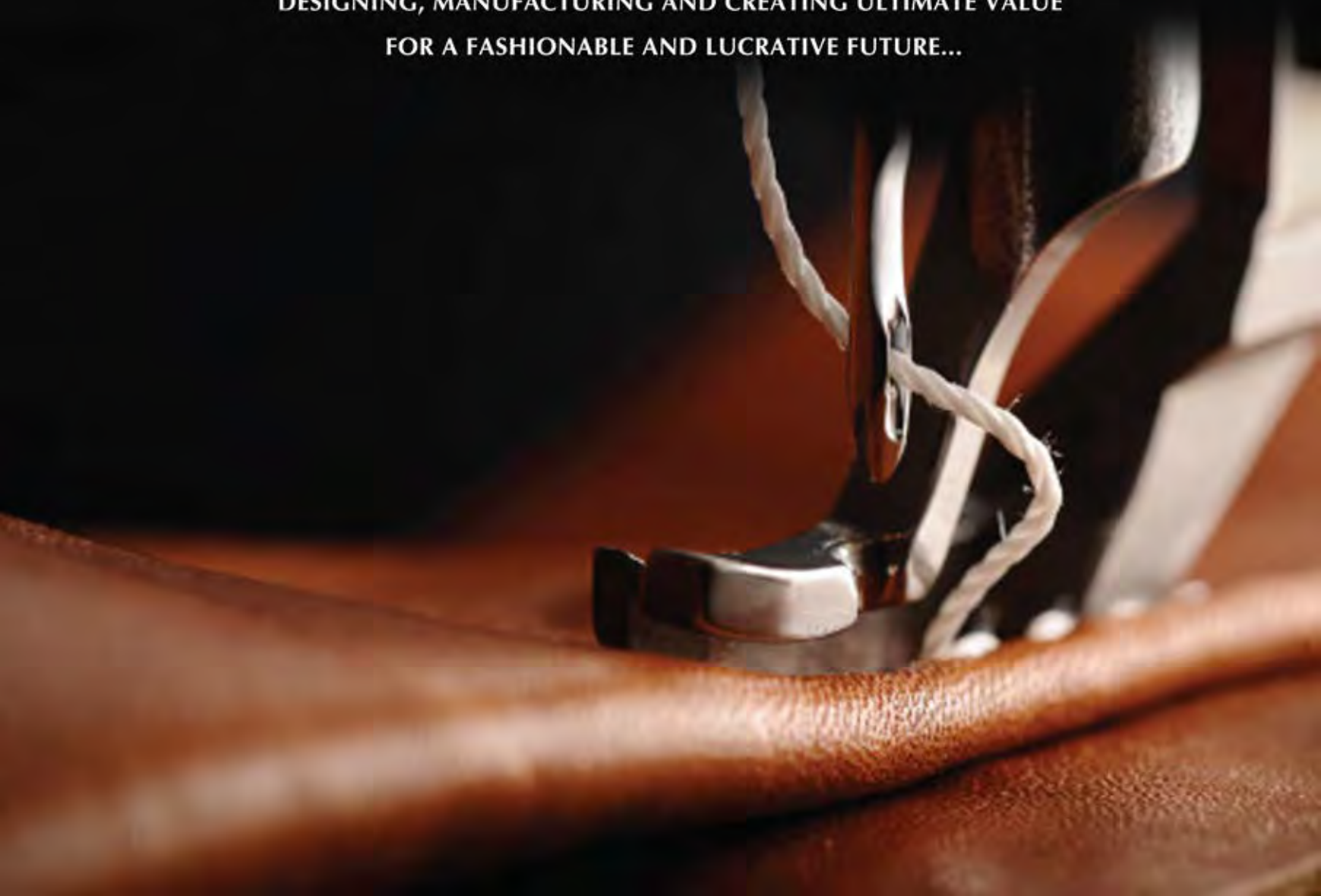


DESA

2016 Annual Report

DESA

DESIGNING, MANUFACTURING AND CREATING ULTIMATE VALUE
FOR A FASHIONABLE AND LUCRATIVE FUTURE...



3	Main Information
5	DESA at a Glance
7	Countries of Export
9	Main Performance Indicators
11	DESA NINETEENSEVENTYTWO
15	DESA in the World Press
17	DESA NINETEENSEVENTYTWO Stores
20	Creative Director
21	Samsonite
25	Chairman's Message
27	Board Members
29	Management Team
30	Vision & Mission
31	History of DESA
33	The Distinguishing Business Model
35	Human Resources
36	Investor Relations
46	Audit Report
80	Major Events After Reporting Period
81	Contact

MAIN INFORMATIONS

108 Total Stores	20K m² Indoor area for leather tanning facilities	4 Years Export Champion for 4 years 	151.5 Million TL Revenues
16,082 m² Total Store Area	10K m² Indoor area for Düzce Facility	21 Exporting Countries 	4.7 Million TL EBITDA
42 Samsonite Stores Sams^onite	6K m² Production Facility and Headquarters in Sefaköy with an indoor area of 15,500	PRADA MIU MIU CHANEL Solution Provider of International Brands	191.6 Total Assets
26 Years of Distributorship Sams^onite	1,496 Employees 	EMPORIO ARMANI ARMANI COLLEZIONI Solution Provider of International Brands	49.7 Million TL Equity
www.desa.com.tr Online Store 	International Design Team 	10 Years of Partnership (%40-%60 JV) Sams^onite	212 Sales Points



DESA

DESA AT A GLANCE



Distinguishing in the sector with product quality and design

Founded as a family company in 1972, Desa has been continuing its operations as a producer of leather and leather products, signing off significant accomplishments for 44 years.

Taking the justified pride to become "Turkey's Export Champion" in 2010, 2011, 2012 and 2014 in its field and owning a unique and vertically integrated business model, Desa continues striving to be a prestigious international brand by strengthening its current profile with its high quality products.

Desa's operations include a tannery, two plants for production of women, men wear, handbags and accessories as well as distribution of those products via whole and retail channels. Desa's retail operations are mainly domestic with 61 Desa, 27 Desa Samsonite, 4 Desa Franchise and 15 Samsonite JV and 1 online store totaling 108 stores in Turkey; Desa also has totally two showrooms in London and Düsseldorf. In addition to production facilities with a total area of 25,500 m² in Istanbul and Düzce, Desa owns a tannery with an area of 20,000 m² located in Çorlu. Company provides integrated solutions for several international brands such as Prada, Miu Miu, Chanel, Emporio Armani and Armani Collezioni. After 26 years of distribution for Samsonite, world's biggest travel products manufacturer, Desa strengthened its international profile further by establishing a 40%-60% joint venture with Samsonite in 2007.

Desa gives significant importance to materials and craftsmanship of high standard that provide its products with high quality and durability. The company also offers its products via online store on www.desa.com.tr. With the perfectionist mentality it embraces in its service quality, Desa always makes investments to human source through

designs, researches and developments. Company's strategic goal in long term is to increase Desa brand products both locally and internationally.

Desa is a public company that has been traded in Borsa Istanbul with "DESA" code since May 2004. With its total assets reaching TL 191.6 million as of December 31st 2016, Desa reported TL 151.5 million total revenues. 54.3% of Desa's share capital is held by Çelet Holding, 10.0% by Mr. Melih Çelet, 0.8% by others while the remaining 34.9% is free float.



Trade Registration Date	29.01.1982 - DESA became a joint-stock company
Paid-in Capital	TL 49,221,969.86
Registered Capital Ceiling	TL 150,000,000
Head Office Address	HALKALI CAD. NO:208 SEFAKÖY-İSTANBUL
Trade Registry & ID	İstanbul / 185047/132561
Tax Office & ID	Büyük Mükellefler Vergi Dairesi Bşk/ 293 004 8627
BIST Code	DESA
Web Site	www.desa.com.tr
E-Mail	desa@desa.com.tr / yatirimci.iliskileri@desa.com.tr / investor.relations@desa.com.tr



DESA

COUNTRIES OF EXPORT



- U.S.A
- GERMANY
- AUSTRIA
- DENMARK
- DUBAI
- FRANCE
- HOLLAND
- HONG KONG
- UK
- SPAIN
- SWEDEN
- SWITZERLAND
- ITALY
- JAPAN
- CANADA
- QATAR
- KOREA
- HUNGARY
- PORTUGAL
- RUSSIA
- T.R.N.C.



DESA is continuing to take firm steps to strengthen its position and increase brand awareness in the international market with its own brand "DESA". It is carrying out its ready-made collection sales through strong showrooms and sale agencies of the region it is in cooperation with, primarily in Germany, Italy, France, United States and Canada.

Within the scope of Turquality, it has strengthened R&D, designing and brand management infrastructures in its organization for branding and reflected this strength to the market with the sale campaigns it has organized in the above-mentioned markets. As an organization having completed its vertical integration, with advanced know-how and technology in its R&D studies and sense of integral quality starting from the leather purchased to the materials used, the company is selling leathers manufactured at its tanning yard to respectful luxury brands of France and Italy.

At the fairs organized in parallel with fashion weeks in Berlin, Milano, Paris and New York, DESA always takes place with its brand at its own stand. DESA carries out the sales of DESA-branded products through its USA operations headquartered in New York and Miami as well as Canada operations headquartered in Toronto. DESA brand, positioned for premium segment, is being sold at famous, prestigious and popular multi-stage boutiques of Europe and USA side-by-side with world-famous luxury brands at sale corners dedicated to DESA. It is conducting its promotion activities with a multi-perspective approach by making agreements with the strong advertising agencies of the relevant markets in marketing activities.

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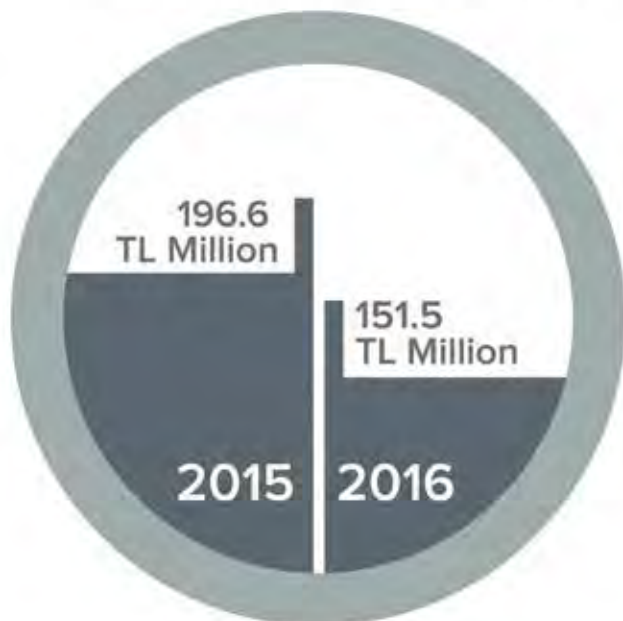
MAIN PERFORMANCE INDICATORS

Summary Balance Sheet (TL Million)	2015	2016	Summary Income Statement (TL Million)	2015	2016
Current Assets	135.2	146.3	Revenues	196.6	151.5
Fixed Assets	40.5	45.2	Gross Profit	75.9	73.3
Total Assets	175.8	191.5	Gross Margin	39.0%	48.0%
Short Term Liabilities	77.5	92.3	Operating Profit	3.7	(1.2)
Long Term Liabilities	34.7	49.5	Operating Margin	1.9%	(1%)
Total Financial Liabilities	57.7	82.2	Net Profit	(4.1)	(13.3)
Net Debt	56.7	75.5	Net Margin	(2.1%)	(9%)
Shareholder's Equity	63.5	49.6	EBITDA	9.6	4.7
			EBITDA Margin	4.8%	3.1%

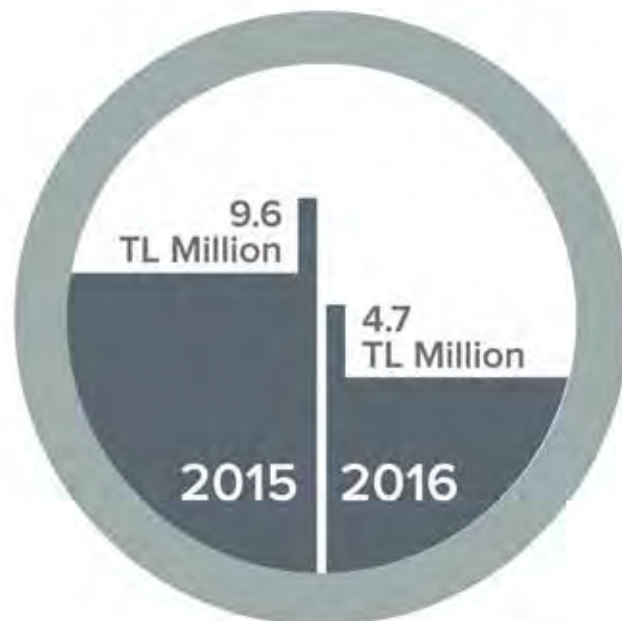


MAIN PERFORMANCE INDICATORS

INCOME (22.94%) ↓



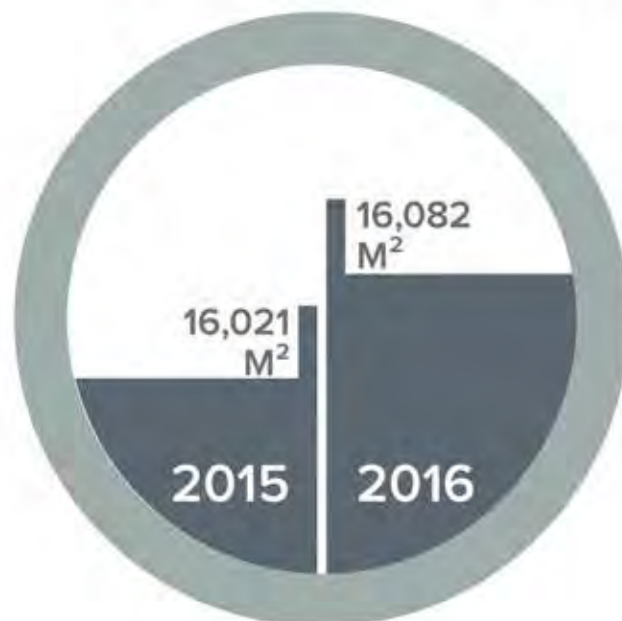
EBITDA (51.0%) ↓



STORES 3.8% ↑



STORE AREA 0.5% ↑



DESA

STAGES FORMIDABLE VENTURE INTO WORLD'S HIGH FASHION

N I N E T E E N S E V E N T Y T W O

DESA, the first Turkish brand, which has taken part in the official calendar of Milan Fashion Week, meets the fashion addicts in about 40 luxury boutiques with the collection prepared in the memory of the year 1972, when the first handbag collection was offered to sale



www.desa1972.com



New dimension to the luxury concept

DESA gaining a reputation deservedly since its establishment thanks to its collections introduced its products to the international arena during the last five seasons under DESA NINETEENSEVENTYTWO brand dedicated to 1972, the year in which it has offered its first handbag collection to sale. DESA introducing the leather to the world with high quality, contemporary and functional designs also takes dynamic steps in order to increase its brand recognition all around the world. DESA, the first Turkish brand participated in Milan Fashion Week, takes the pulse of the global fashion with its NINETEENSEVENTYTWO handbag collection offered to sale in nearly 40 different locations as well as NINETEENSEVENTYTWO ready-to-wear collection offered to sale in nearly 180 different locations worldwide, particularly, in Italy, Germany, France and Japan. DESA participates in showroom events and fairs organized in parallel with Berlin, Milan, Paris and New York fashion weeks with its own brand. DESA NINETEENSEVENTYTWO, appearing before its targeted customers with the collections designed by Yossi Cohen, famous fashion designer in ready-to-wear, wins considerable recognition both with its ladies' and men's collections. DESA preparing a collection of 100 pieces minimum, containing ladies' and men's products every year, carries out marketing and advertising activities for the purpose of penetrating into new potential markets in addition to the existing markets. DESA meets with leather fashion addicts in showrooms of its dealers in Milan, Paris and Toronto.

NINETEENSEVENTYTWO handbag collection, which is composed of more than 70 pieces, emphasizes the importance of accessories concept with its sophisticated, innovative and personal style. The collection bearing the signature of the design team lead by Cristina Sappa, internationally famed designer in her field, combines the traditional lines with the contemporary technology.

This special collection, which is not yet offered for sale in Turkey and exhibited at Milan and Paris Fashion Weeks for the last four seasons, provides a new dimension to the luxury concept.

Fashion Weeks Participated

- FW16 Premium Munich
- FW16 Düsseldorf Fashion Week
- FW16 Premium Berlin
- FW16 Pitti Uomo
- FW16 Paris Fashion Week
- FW16 Milan Fashion Week
- SS16 Supreme Munich
- Resort 16 Prefall Paris Fashion Week
- SS16 Düsseldorf Fashion Week
- SS16 Show&Order Berlin
- SS16 Paris Fashion Week
- SS16 Milan Fashion Week
- FW15 Paris Fashion Week
- Resort Presummer 16 Paris Fashion Week
- FW15 Milan Fashion Week + Palazzo Serbelloni event
- SS15 Paris Fashion Week
- SS15 Milan Fashion Week + Palazzo Bovara event
- Resort Presummer 15 Paris Fashion Week
- FW14 Milan Fashion Week
- SS14 Milan Fashion Week
- FW13 Milan Fashion Week

N I N E T E E N S E V E N T Y T W O





N I N E T E E N S E V E N T Y T W O

Industria+Finanza

PARLA BURAK CERET, FONDATORE DI DESA

«Milano trampolino del lusso»

L'imprenditore turco in Italia per lanciare brand di alta qualità al prezzo giusto

di Giulia Crivelli

«C'è un altro Paese, oltre all'Italia, che prova a essere una fiera sempre e controllata dal tessile»... Burak Ceret, 40 anni, è un uomo di successo. È un uomo di successo che ha lanciato in Italia un brand di lusso turco, Desa, che sta diventando un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto. Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto. Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.



Milano, Turco. Ceret, fondatore di Desa, davanti a un negozio di Moda di Milano. A destra un borse della collezione 2015.

Come è nata l'idea di Desa?

In Turchi... Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

Parti di lusso accettabili?

Non... Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

...ceret con le sue idee più innovative, che il richiamo è diventato sempre più forte. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

Perché ha scelto la settimana della moda di Milano per lanciare Desa?

Perché... Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

La Turchi... periodo di vita...

La Turchi... Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

La situazione è...

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LINEAPELLE

Visitatori in crescita del 9%

«Dopo il boom del lusso... Ceret ha fondato Desa nel 2007 e ha costruito un impero che si estende in tutto il mondo. Desa è un brand di lusso turco che ha lanciato in Italia un punto di riferimento per gli italiani e per i turisti che vogliono acquistare prodotti di alta qualità al prezzo giusto.

MARE di MODA get inspired MODA GLAMOUR ITALIA

Magazine MGI - XV° Mare di Moda (Cannes) MGI - IX° Mare d'Amare MGI - 73° Venezia Red Carpet MGI - VFNO Milano 2016 VIP Dressing Redazione

Milano Moda Donna: Desa 1972 A/I 2016-17

In occasione di Milano Moda Donna, Desa 1972 ha presentato la sua nuova Collezione A/I 2016-17.

Burak Ceret, CEO di Desa ha voluto personalmente presentare in occasione della presentazione ad un "forum" che ha incluso Suzy Menkes, Direttore della testata internazionale online di Vogue, Stefano Tonchi, Direttore di W, Alessandro Mendini di Vogue America, Miles Sothie, Editore Europa WWD, Daphné Hizard, Direttore Moda Monaco, Antonella Antonelli, Direttore Marie Claire, Carlo Capasa, Presidente della Camera Nazionale della Moda Italiana.

Per la nuova Collezione Desa esplora tendenze che si aprono a modelli audaci e al tempo stesso moderni. Forme agili e dettagli che rappresentano un look "sporty-lux", danno alle borse un senso atemporale ed assolutamente attuale allo stesso tempo. Come sempre grande attenzione alle finiture, introducendo nuovi elementi di chiusura come il velcro e dettagli che mettono in valore il DNA del marchio: le cuciture da vista, i manici delle borse fori e le "straps" sportive, tutti elementi in sintonia con la filosofia che ha reso questo brand riconosciuto dalle vere "conoscitrici" che hanno sempre apprezzato le linee pulite e l'estetica architettonica.

Le tonalità utilizzate per questa nuova Collezione sono ispirate dalla foresta ed il deserto, creando una palette con una "spettro" di colori naturali, neri e toni come il Fucile, Bordeaux, Indigo e Bronze, che accompagnano ad una gamma di Lussuosi materiali come la pelle d'agnello, le pelli esotiche ed il camoscio, che accompagnano con grande stile, qualsiasi modo di vestire.

Per Maggiori informazioni: www.desa1972.com



Moda Glamour Italia - Archivio

Moda Donna Italia - Archivio

Selezione stampe

Moda Glamour Italia - Channel HD Link



Moda Glamour Italia - Live Page





DESIGNER BAGS

DESA NINETEENSEVENTYTWO STORES

- AUSTRIA • CANADA • FRANCE • GERMANY • ITALY • JAPAN
- KOREA • NETHERLANDS • PORTUGAL • RUSSIA
- SPAIN • SWITZERLAND • UAE • USA

MODE FRINK
Klagenfurt / Austria

TREND COUTURE
Kitzbühel / Austria

AVENUE ROAD SHOWCASE
Toronto / Canada

CABO
Canada / Canada

GIRL CANDY SHOP
Manitoba / Canada

HANGAR 9 LONDON
London / Canada

HANGAR 9 STUDIO
Toronto / Canada

HANGAR 9 TORONTO
Toronto / Canada

MERRYGROUND
Toronto / Canada

RAFFINEE
Ontario / Canada

RUTH STEIN
Toronto / Canada

THE ONE AND ONLY SHOES
Aurora / Canada

TOCCA FINITA
Oakville / Canada

SARL VICMEGE-DONNA
Paris / France

VICTOIRE HOMME SAS
Megeve / France

VICTOIRE S.A.
Paris / France

VICTOIRE VICMEGE
Paris / France

VICTOIRE FAW SARL
Megeve / France

VICTOIRE S.A. RUE MADAME
Paris / France

AUTHENTIC STORE
Paris / France

CAIRNS
Paris / France

BENDLER SHOWROOM
Konstanz / Germany

ENGELHORN MODE GMBH
Wiesbaden / Germany

FABELHAFT
Mannheim / Germany

FIRST FRANKFURT
München / Germany

HUSKEN
Frankfurt / Germany

JÖRING
Lippstadt / Germany

KELLER-WARTH
Egern / Germany

L ADRESSE
Biberach / Germany

LOFT 21
Baden Baden / Germany

LOVELY&HOOKED
Neheim / Germany

MARGO HOPS
Düsseldorf / Germany

MARKENHERBERGE
Hamburg / Germany

MODEHAUS STINN GMBH&CO KG
München / Germany

PILENGHI MODE
Eslohe / Germany

PROIDEE
Filiale / Germany

TRAUDEL PRÜFER
Aachen / Germany

WILD MUNICH
Göppingen / Germany

53 SRL
Brescia / Germany

ADEMARK PEDRONI
Villaguardia / Italy

ALDO SAVORANI SRL
Menaggio / Italy

ALINA SRL
Villaricca / Italy

ALIBI SRL
Portomaggiore / Italy

ANTONIOLI MILANO
Milano / Italy

ANTONIA BOUTIQUE
Riccione / Italy

AUDREY SRL
Brescia / Italy

B.F.B SRL
Brescia / Italy

BABYLON BUS
Prato / Italy

BABYLON BUS DONNA SRL
Prato / Italy

BFB SRL
Brescia / Italy

BIRBA'S DETAILS DONNA
Pordenone / Italy

BIRBA'S DETAILS UOMO
Pordenone / Italy

BLOCK 60
Riccione / Italy

BOUTIQUE ANTONIO PIU
Riccione / Italy

BOUTIQUE VIVA DI CRIVALLARO AMBRA
Casale Monferrato / Italy

BRANA
Altamura / Italy

BRIAN & BARRY - MILANO
Milano / Italy

BRIAN & BARRY - MONZA
Monza / Italy

BRIAN & BARRY - ALBA
Alba / Italy

BRIAN&BARRY ARCORE
Arcore / Italy

BRIAN&BARRY SEREGNO
Seregno / Italy

BRIAN&BARRY VERCELLI
Milano / Italy

BRONX
Milano / Italy

C SRL
Torino / Italy

BROWNS
Erfurt / Germany

CIOLINA
Lippstadt / Germany

DAGMAR DE JONG
Bern / Germany

ELLE&LUI MODEN GMBH
Kiefeld / Germany

CHIARO SCURO
Piancogno / Italy

CLEVER 23
Roma / Italy

CLUB 70 SRL DI ANGELO TERR & MIC
Caltanissetta / Italy

COLAFRANCESCO ABBIGLIAMENTO
Cassino / Italy

CONTRE
Lecce / Italy

DA VINCI
Varese / Italy

DANIELLO ALINA
Villaricca / Italy

DANIELLO BOUTIQUE
Aversa / Italy

DANTE 5
Bari / Italy

DEDOS SRL
Lecce / Italy

DEGLI EFFETTI
Rome / Italy

DEI IL CAVALLO
Pisa / Italy

DELL'OGLIO
Palermo / Italy

DELL'OGLIO
Palermo / Italy

DI PIERRO GIOVANNI
Taranto / Italy

DOMINI
Bari / Italy

DONNA BUGATTI
Udine / Italy

DONNE SAS
Cagliari / Italy

DONNE VINCENTI
Alba / Italy

EKO
Siracusa / Italy

ANDRIANI DONNA
Taranto / Italy

ANDRIANI UOMO
Taranto / Italy

ANGELO BALDIN
Spresiano / Italy

ANTONACCI FASHION
Bari / Italy

FASHION SAS DI BRUNA ROSSO ANT. & C
Cuneo / Italy

FOUR LA TENDA
Milano / Italy

FOUR SEASONS
Cerignola / Italy

G&B NEGOZIO
Flero / Italy

G&G SRL
Chiaravalle / Italy

GALLERY
Forte Dei Marmi / Italy

GESTIMODA SRL
Valbrembo / Italy

GIBOT
Rome / Italy

GIERRE FASHION
Rome / Italy

GISA BOUTIQUE
Ancona / Italy

IL DUOMO SRL
Novara / Italy

IL FARO
Avellino / Italy

IL SELLAIO
Casatenovo / Italy

IMARIKA SAS
Milano / Italy

INCONTRI BOUTIQUE
Milano / Italy

JERREF
Taranto / Italy

LA BOUTIQUE DI ADANI
Modena / Italy

LA TENDA 3
Milano / Italy

LA VIE EN ROSE
Pavio / Italy

LAVIRGI
Catania / Italy

CALZATURE MOTTADELLI
Brianza / Italy

CAMPUS SNC DI ROSA GIORGIO E C
Chieri / Italy

CENTURIOR SRL
Capri / Italy

CHEZ MOI ATELIER
Roma / Italy

LOSCHI
Colfosco / Italy

LUISA VIA ROMA
Florence / Italy

LUNGOLIVIGNO
Livigno / Italy

MAC 23 SAS
Milano / Italy

MALIBU
Ostuni / Italy

MANARI
Genova / Italy

MANZONI
Belluno / Italy

MARCO LONGONI
Milano / Italy

MARCO RIGONI
Milano / Italy

MARCOS MONDOVI SRL
Mondovi / Italy

MARIO FORNI
Genova / Italy

MARIZA TASSY
Milano / Italy

MAURIZIO ZATTI
Iseo / Italy

MIMMA NINNI
Bari / Italy

MICHELE SARACENO
Bellagio / Italy

MICHI D'AMATO MIDA SRL
Bari / Italy

MIMMA NINNI
Bari / Italy

MINA DA PRATO
Bergamo / Italy

MODAMICA
Valbrembo / Italy

MORINI
Montecatini / Italy

PAOLA Mezzago / Italy	UMBERTO GIUGLIANO Nola / Italy	FIGARO Tokyo / Japan
PAPINI Catania / Italy	UOMO BUGATTI Udine / Italy	LIDEA Tokyo / Japan
PARIMBELLI Trescore Balneario / Italy	VERDELLA Torino / Italy	TAKASHIMAYA Tokyo / Japan
PD VERONA SRL Verona / Italy	VICTORIA SRL Chivari / Italy	BOON THE SHOP Seoul / Korea
PENELOPE Brescia / Italy	VINTAGE PAMELA Verona / Italy	ELBON Seoul / Korea
PIER ABBIGLIAMENTO Valtate / Italy	WHITE 7 SRL Lecce / Italy	FF BY RADEMAKERS Je Sittard / Netherlands
PIER FRANCESCA DONNA Vareggio / Italy	WHITE SAS Napoli / Italy	NIVOO Venlo / Netherlands
POMPOSI/ALESSANDRO DAINELLI Voghera / Italy	WHITE SRL Napoli / Italy	SLIANDNIKI Lisboa / Portuga
PRADELLA SRL Mantova / Italy	WINDSOR Roma / Italy	V.M. CONCEPT LDA Lisbon / Portuga
PREVIEW SNC. DI PALUMBO NINO Ravenna / Italy	ZAVI SRL Belluno / Italy	GARMONY MODA Moscow / Russia
PULZELLI Monte San Savino / Italy	ZITA FABIANI Roma / Italy	RIALTO LIVING Palma de Mallorca / Spain
SALA DI SALA PIERANGELO Machero / Italy	DEUXIEME CLASSE Osaka / Italy	ANTILOPE LEDERMODEN St.Gallen / Switzerland
SAM SRL Como / Italy	ETRE DI BRUNA CASELLA Mantova / Italy	BOUTIQUE MODA IN Chiasso / Switzerland
SARACENO MICHELE Bellagio / Italy	EXCELSIOR MILANO Milano / Italy	OTTANTASEI SRL Vibo Valentia / Italy
SAVE SRL Riccione / Italy	EXOR INC Bergamo / Italy	P.D.B SRL Bologna / Italy
SCIUSCIA LOFT Napoli / Italy	FACCIOLI BOUTIQUE Borgomanero / Italy	JELMOLI AG Zunch / Switzerland
SERVICE BOX Roma / Italy	FACCIOLI NADIA Borgomanero / Italy	LA SCALA Rorschach / Switzerland
SIMONE PADOIN ATELIER Seriato / Italy	LAZZARI Treviso / Italy	LOCK TRAND SA Chiasso / Switzerland
SORELLE RAMONDA Alte Di Montecchio Maggiore / Italy	LEAM BOUTIQUE Roma / Italy	SHUGA SA Lugano / Switzerland
SORRISI Bari / Italy	LECCESE BOUTIQUE Gioia Del Colle / Italy	VESTITI Luzern / Switzerland
SPORTING STORE Tortona / Italy	L'INDE LE PALAIS S.R.L. Bologna / Italy	51 EAST Qatar / UAE
SUGAR Arezzo / Italy	LINORICCI Perugia / Italy	ETOILE FASHION Dubai / UAE
TESSABIT Como / Italy	NOI PER VOI Ravenna / Italy	ALAN BILZERIAN Boston / USA
THILDA Bolzano / Italy	NUGNES 1920 SRL Bari / Italy	LUX COUTURE Massachusetts / USA
TIZIANA FAUSTI Bergamo / Italy	Q' SRL Parma / Italy	MADDY'S 390 New York / USA
		SABRINA MERCI Nebraska / USA

Yossi COHEN



- Yossi Cohen worked as the Creative Director of p.a.p. 365 Fendi Collection for a period of three years
- He supervised Les Copains Collection for 5 years following this unique experience
- He supervised visual and fashion design of brands such as Add Les Copains – Pinko Group – Max Mara Group – TruTrussardi
- Yossi Cohen has been serving as the Creative Director of DESA Collection brand since July 2012.

Sams^onite® DESA

In 1983, DESA has become the Turkey distributor of Samsonite, the World's greatest travel products brand. Thanks to this distributorship, DESA has blazed the trail in development of this sector in our country by offering comfortable and practical suitcase alternatives to travel products market. Following a 26 year distributorship in Turkey, a joint venture is established between Samsonite, the company having a strong international profile, and DESA, holding the shares 60% and 40% respectively. By the end of 2016, total number of Samsonite stores in Turkey has reached to 42 which 27 stores belong to DESA and 15 stores belong to the joint venture company.

- 42 Samsonite stores
- 27 Stores belong to DESA
- 15 Stores belong to the Joint Venture
- 26 years distributorship (between 1983 – 2007)
- 10 years partnership (40%-60% JV) (Since 2007)

DESA Owned Stores

Sales volume of 94,265 pieces has been achieved in 27 stores owned by DESA. 27 stores in total carry on business on the store area of 1,862 m² and revenue of these stores has been 33 million TL in 2016.

Joint Venture Owned Stores

Sales volume of 85,292 pieces has been achieved in 15 stores owned by the Joint Venture. 15 stores in total carry on business on the store area of 1,202 m² and revenue of these stores has been 26.5 million TL in 2016.





Sams^onite DESA



15

JV Stores

27

DESA Samsonite Stores

42

Total Samsonite Stores

3,065 m²

Total Store Area

26

Years Distributorship

10

Years Partnership

Sams^onite® DESA



CHAIRMAN'S MESSAGE



MELİH ÇELET
Chairman

In 2016, a deceleration begun to be observed in growth rate of Turkish economy distinguished with its consistent growth during the recent years in which a growth problem was experienced worldwide. Turkish economy downsized by 1.8% in third quarter of 2016 in comparison with the same period of the previous year. Thus, shrinkage took place in economy for the first time after a period of 27 quarters.

Our country left behind a considerably hectic agenda in 2016. Our country survived substantial crisis politically during the said year in which compelling economic and political conditions were experienced and proved to whole world that it abides by democracy. In addition to all these, the tribulations experienced in the countries of the region also came up as nonconstructive developments for the economy. The dramatic drop in tourism data as a result of the said developments affected the growth trend of the luxury consumption market adversely in particular.

2016 was a year where the growth in luxury consumption demand slowed down both in the world and in our country. Contractions in retail sector and export continued. As DESA, maintained our productivity-driven approach during this period. We focused on increasing our customer diversity in Europe. We generated a total revenue of 151.5 million TL in 2016.

We have faith in that we will have a good year in 2017 by leaving behind a year full of difficulties. We intend to reduce our domestic financial risks, maintain our structuring in Turkey with respect to travel and leather products by maximizing as well as increase the number of our stores by way of new investments during the current year. We also plan to continue our export activities, having an important place in our revenues, through close contact with our customers.

Eventually, I would like to express my thanks to all our employees, customers, suppliers and, of course, our investors walking along with us in this path we go ahead with sound steps towards being world's leading brand thanks to our design, handcraft and product quality at international standards in addition to our integrated business model for their precious contributions.



DESA COLLECTION

“ We are proceeding with sound steps towards being world’s
leading brand
thanks to our design, handcraft and product quality at ”
international standards

Melih ÇELET
Chairman

BOARD MEMBERS

DESA



- 1 **Melih ÇELET**
Chairman
- 2 **Burak ÇELET**
Board Member, General Manager
- 3 **Burçak ÇELET**
Board Member
- 4 **Osman TAVTAY**
Independent Board Member
- 5 **Mehmet Kaan KOZ**
Independent Board Member



MELİH ÇELET Chairman

Founded DESA in 1972, Mr. Melih ÇELET graduated from Ankara College in 1968 and received his undergraduate education at Istanbul University, Faculty of Pharmacy. Mr. Melih ÇELET speaks English.



BURAK ÇELET Board Member - General Manager

Graduated from Bogaziçi University, Department of Mechanical Engineering in 1999, Mr. Burak ÇELET received his MBA degree from the University of Wisconsin-Madison in 2001. He obtained a Master of Science degree in Leather Technology at Northampton College in 2002. Mr. Burak ÇELET serves as Board Member in United Brands Association, Board Member in Istanbul Association of Exporters of Leather and Leather Products, Board Member responsible for Leather Promotion Group, Member of Turquality Working Group as well as General Manager in our Company. Mr. Burak ÇELET speaks English and German.



BURÇAK ÇELET Board Member

Mrs. Burçak ÇELET completed her bachelor's degree at Yıldız Technical University, Department of Industry Engineering in 1999. Served as Planning Director at Toys'R'Us between 1999 and 2001. Mrs. Burçak ÇELET received her master's degree in retail management at University of Surrey in 2002 and served as Maxtoys - Category Manager at Joker between 2003 and 2004. Mrs. Burçak ÇELET, who has been serving as a Board Member in our Company since December 22, 2006, speaks Italian, English and French.



OSMAN TAVTAY Independent Board Member

Completed his bachelor's degree at Istanbul Technical University, Department of Geophysical Engineering in 1986, Mr. Osman TAVTAY served as Stock Exchange Representative and Specialist at Can Menkul Değerler, Piramit Menkul Kıymetler ve Ekinçiler Yatırım between 1990 and 1996, and Senior Trader at Koç Menkul Değerler between 1996 and 1998. Served as Domestic Transactions Manager at ABN Amro Yatırım A.Ş. between 1998 and 2004. Mr. TAVTAY was appointed as independent board member for two years in our Company's 2015 ordinary general assembly dated 31.03.2016.



MEHMET KAAN KOZ Independent Board Member

Mr. Mehmet Kaan KOZ graduated from Deutsche Schule Istanbul in 1995 and completed his undergraduate education at Bogaziçi University, Department of Mechanical Engineering in 1999. He started his professional career as a member of Koç Holding Management Trainee Program at Arçelik A.Ş., Research and Technology Development Center and then became Manager Partner of Anova Ltd. Şti., the foundation of which he participated in. Mr. KOZ was appointed as Independent member for two years at our Company's 2015 ordinary general assembly dated 31.03.2016.

MANAGEMENT TEAM



Ayhan DIRİBAŞ

*Executive Vice President
of Financial Affairs*

Completed his undergraduate education at Mugla University, School of Business Administration, Mr. Ayhan DIRİBAŞ received his master's degree in business administration at Lasalle University and Marmara University in 2003. Begun his career at Doğu Holding in Finance Department in 1992, Mr. DIRİBAŞ served as Internal Auditor at Oger Holding between 1996 and 1998, as Deputy General Manager at Reysaş Holding A.Ş. between 1999 and 2004, as Accounting and Finance Director for Retail Group at Unitim Holding A.Ş. between 2005 and 2010, Mr. DIRİBAŞ was appointed as Executive Vice President of Financial Affairs in our Company in January 2013.



Hilmi İker SÜREK

*Executive Vice President of
Sales and Marketing*

Completed his bachelor's degree at Uludağ University, School of Business Administration, Mr. Hilmi İker SÜREK accomplished the Foreign Trade Certification Programme in Bournemouth, UK on 1991. Begun his career at Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş., as Foreign Trade Manager on 1991, Mr. SÜREK served as General Manager at Tanca Ayakkabıcılık San. ve Tic. Ltd between 2015-2016 after serving as Product Manager at Valeo Otomotiv Dağıtım A.Ş. between 1995-1998, as Foreign Trade Manager at İnci Den Mamulleri San. ve Tic. A.Ş. between 1998-2004, as Production Manager between 2004-2010, as Sales Director between 2010-2012 and as Operation Director between 2012-2015 at the same company. Mr. SÜREK was appointed as Executive Vice President of Sales and Marketing at Desa Deri ve Ticaret A.Ş. on April 27, 2016.

OUR TARGETS

CUSTOMER SATISFACTION

DESA operates in both production and retail sector by its business model. DESA aims to provide unconditional customer satisfaction before and after sales by offering its products to the customer with an understanding of flawless service.

QUALITY

Our product quality, tradition of hand-craft, modern and functional designs and our brand are our most important assets. We strive to offer a different style, understanding and lifestyle without compromising our quality rather than offering just clothing and leather accessories to our customers.

PROFITABILITY

Profitability is the main source that DESA utilize for financing the new investments and R&D operations. For this reason, the most important criteria that we consider when evaluating the performance of our Company's performance is profitability. By this way, our goal is to grow by making profit in long term and become the indisputable leader of every field we operate in.

VISION & MISSION



Vision & Mission

Desa works with the vision of becoming a fashion brand making its customers happy and proud with its products and services reflecting its deep expertise at design and leather as well as being powered by Istanbul but embracing whole world.

Desa has the mission to become a fashion brand drawing its strength from its investments in design and its expertise on leather, having a corner on the leather fashion sector in Turkey and the world thanks to its high quality and stylish products bearing the best values, providing its customers with a pleasant shopping environment, maximizing its shareholders' profitability, respecting to the society, environment and its employees as well as remain as a leader fashion brand of leather in the consumers' mind.



Our Value Chain

OUR STORES

We offer top-tier shopping experience in our rejuvenated stores. We invest in digital marketing and online sale towards the trends in shopping arena and we reach at our customers also via desa.com.tr.

OUR GLOBAL PRESENCE

We transcend national boundaries with our points of sale abroad. We introduce our story and collections through our website desa1972.com.

OUR COMMUNICATION ACTIVITIES

We perform effective studies strengthening our brand image and awareness in all communication channels with 360 degree communication approach.

FLEXIBLE SUPPLY CHAIN

We own a supply chain adapting to changes fast and implementing innovations quickly.

FLEXIBLE PRODUCTION CAPACITY

We are able to manage our production capacity in a manner adjusting itself according to the increasing demand and meeting the needs of the future growth.

INTEGRATED BUSINESS MODEL

We save on costs through vertical integration we provided in production.

BROAD EXPERIENCE

We have a management team that seeks strategical opportunities and is experienced and competent in their field.

TECHNOLOGY

We have an advanced technological infrastructure supporting our growth.

DESIGN

The unique skill of our designers embodying artisan craftsmanship.

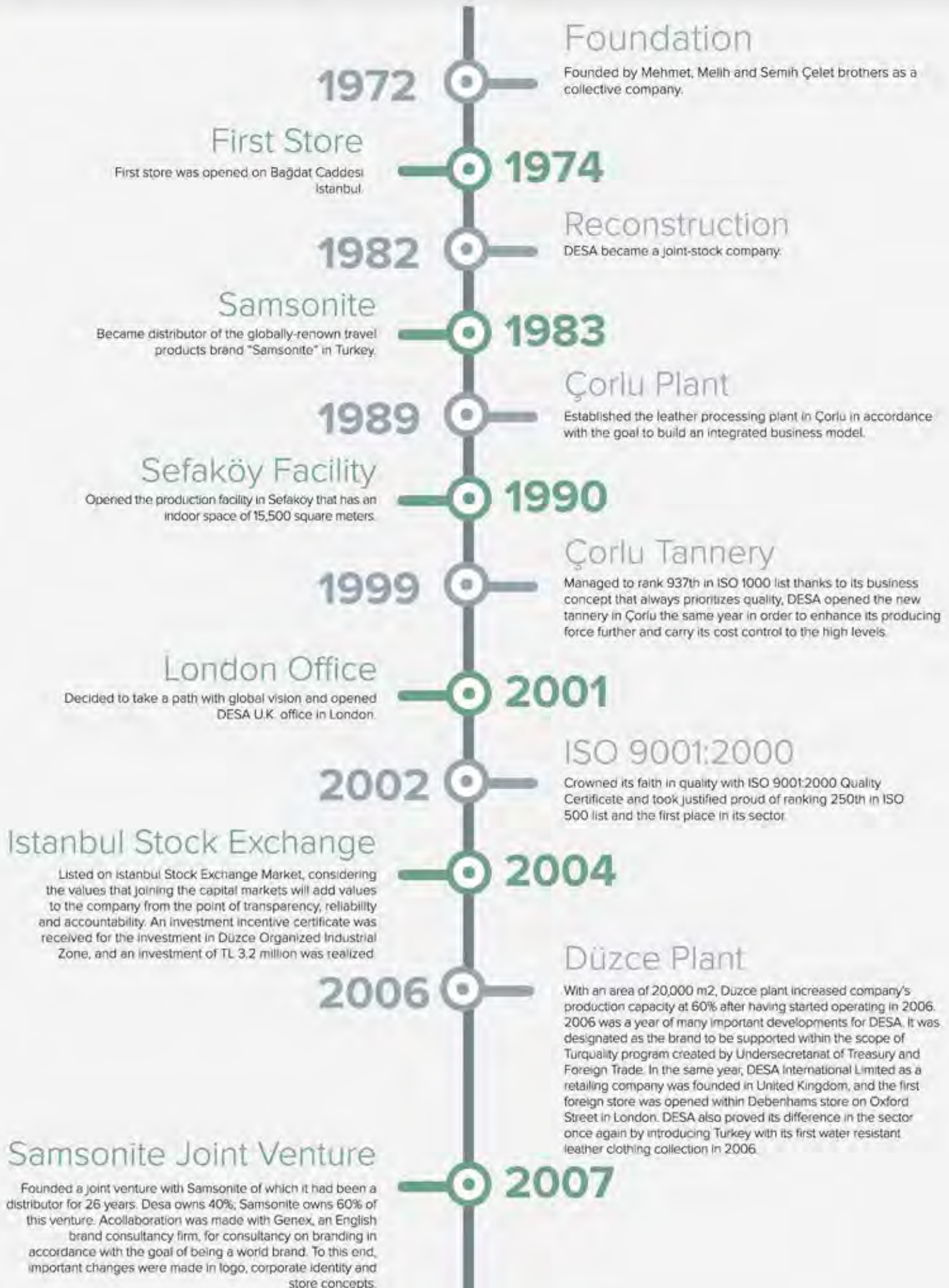
OUR HUMAN RESOURCE

We bring expert handcraft together with contemporary design

OUR BRAND

We are able to deliver the high brand value always by combining our distinctness in design, production power and high service quality thanks to our vertical integrated production model.

HISTORY OF DESA



Fortune 500

Moved up to 449th place in the Fortune 500 list. DESA purchased Çorlu Plant including with the building, land and all fixtures.

2008

2009

I.S.O. 500

Taking the 355th place in Istanbul Chamber of Commerce's the biggest 500 industrial company list, the company moved up to the 471st place in the Fortune 500 list.

Online Store

While putting its online shopping site into customers' service, the company took the first steps for carrying its position as the leading fashion retailer of Turkey into foreign markets with 2 new UK store. Becoming the export champion of Turkey in 2010 according to the figures declared by Association of Exporters of Leather and Leather Products, DESA rank 210th in Istanbul Chamber of Commerce's second list of the biggest 500 industrial company.

2010

2011

Export Champion

Took the pride of deserving sector's first place in export once again. In the same year, Covent Garden store was chosen one of the best 60 stores of the world in VMSS International Store Design Competition in which brands from all over the world participates. DESA was given a wide coverage in the book named "Retail Spaces / Small Stores" in which the stores ranked as a result of the competition are included.

Graeme Black

Deserving sector's first place in export for the third time, DESA took serious steps for proving the brand on the international platform. One of those steps was to commission Graeme Black who worked with the giants like John Galiano, Giorgio Armani, Salvatore Ferragamo and started as Designing Director at Desa to create AW 12-13 collection. The designing director showed his differences in this field and created a collection to be able to compete with world's giants on the international platform. Desa distinguished once again with its two-sided designs in 2012.

2012

2013

NineteenSeventyTwo

NINETEENSEVENTYTWO collection dedicated to 1972, the year which the first handbag collection is launched, prepared and offered for sale at almost 40 luxurious boutiques only abroad, has been exhibited at Milano Fashion Week in September 21st – 23rd, 2013, and at the Showroom organized in Escape Communes within the scope of Paris Fashion Week in September 28th – October 4th, 2013 and proved with this special collection that a Turkish brand has reached to summit in terms of design and quality.

Customer Satisfaction

DESA renewed its online sale website through which it reaches its customers everywhere independent of location on 24/7 basis by means of its investment. DESA enhanced customer experience in its website www.desa.com.tr where all of its garment, shoe, accessory, textile and travel product collections are just a click away for the customers. Desa Deutschland GmbH headquartered in Düsseldorf /Germany was established in July.

2014

2015

212 Sales Points

DESA maintains its confidence in quality also in 2015 through ISO 9001:2000 quality certificate it obtained in 2002. DESA introduced its NINETEENSEVENTYTWO collection, which is prepared in the memory of year 1972 and offered to sale only abroad, to the consumers at 212 points of sale.

Started its operations with leather handbag production in 1972, DESA operations include a tannery, two plants for production of men, women wear and accessories such as garments, handbags and accessories as well as distribution of those products via retail channels. DESA is one of the major contributors to Turkish economy with its potential of employment and export.

In addition to production facilities with a total area of 25,500 m2 in Istanbul and Düzce and its tannery with an area of 20,000 m2 located in Çorlu, Desa became a fully integrated leather products manufacturer owning 45,500 m2 production area in total. In 2016, 155,263 units of handbags, 186,891 of leather accessories, 41,849 of garments, 324,099 pairs of shoes and 2,457 units of textiles have been sold. 61 Desa, 27 Desa Samsonite, 4 Desa Franchise and 15 Samsonite JV and 1 online store totaling 108 stores are available throughout Turkey.

TODAY

THE INTEGRATED

BUSINESS MODEL

DISTINGUISHING DESA

DESA

The Vertical Integrated Business Model

The element that makes DESA different from its peers is that DESA controls all stages of the service process it provides through the company's tannery capacity and quality, production skill of leather garments, bags and accessories and retail stores under control. Leading its sector in export and retail fields, DESA makes important investments in R&D, human resources and education fields to increase customer satisfaction through products of good quality and flawless service appropriate for today's trends.



RAW MATERIAL PRODUCTION

Leather production in the
Çorlu tannery

20,000 m²
indoor production area

Weekly Capacity

28,850 kg
Cattle raw leather processing

170,200 kg

Small cattle raw leather
processing

Suede, Napa, Fur,
Calf leather processing



PRODUCTION

Production of leather
garments, handbags and
accessories

International design team

Istanbul Facility

15,500 m²
indoor production area

Weekly Capacity

2,000
pieces of leather garment

1,000
pieces of textile

6,000
pieces of handbags

Gebze Facility

10,000 m²
indoor production area

Weekly Capacity

14,000
pieces of handbags



RETAIL STORES

108
Total Stores

61

Desa Mono
Brand Stores

27

DESA Samsonite

4

DESA Franchise

1

Online Store
desa.com.tr

15

Samsonite JV Stores

40% 60%

Desa JV Samsonite
Partnership

16,082 m²
Store area

HUMAN RESOURCES

Having a labor-intense business model, our Company's number of employees is 1,496 as of the end of 2016.

Looking at the world from DESA...




We take our strength that we turned into a worldwide success from our principles which we defined according to our priorities and committed strictly. Unconditional customer satisfaction, flexibility and fast response to the customers' queries are the most important criteria at this point to which we have come without compromising on quality and forgetting the fact that our most important foundation and resource is people.

DESA miracle of 44 years is a product of the high performance and quality mentality we provide at every point. As our Company aims to have a competent human resource that lives today but thinks about the future, all of our employees strive to maintain the positive image of our company and products both locally and internationally. Created the brand of custom products by working in the light of these principles, proved its quality and leadership inside and outside the country, our Company makes its employees enjoy being a part of a world brand.

We offer our employees the opportunity of specializing, building a career in the sector and getting awarded for their works. DESA, which ensures its success with the adherence to the principles, plans its future by knowing its biggest foundation is human resource. With this approach, we summarize our company's philosophy of human resource development: "We will train our human resource at every stage by ourselves."

DESA conducts the operations of training and development in house to train and improve its employees in accordance with this philosophy. Desa Training System depends on raising and improving its own workforce by considering sector-specific conditions.

EMPLOYEE

	2015	2016
MALE 	988	882
FEMALE 	724	614
TOTAL 	1,712	1,496

COLLAR BREAKDOWN

	2015	2016
BLUE COLLAR 	1,114	847
WHITE COLLAR 	598	649

INVESTOR RELATIONS

Since the public offering in May 2004, our Investor Relations Department has aimed to build close relationships with our shareholders at an equal distance and provided them with maximum value in parallel with the corporate governance standards that our Company embraces in accordance with honesty, accountability and reliability principles. Total 41 material disclosures were made, and queries delivered by the analysts and investors to our investor relations department via telephone or e-mail in 2016 were replied in accordance with the Capital Markets Legislations.

Share Performance and Market Value

DESA shares have been publicly traded with DESA code on Borsa Istanbul (BIST) on May 6, 2004. The Company was registered in the registered capital system in 2007 and the registered capital ceiling is TL 150.000.000. Paid-in capital is TL 49.221.970 and divided into 4.922.196.986 shares with 1 Kr nominal value each. Market capitalization of DESA as of December 30th, 2016 was TL 43.8 million with an average daily volume at TL 242,359 in 2016.

Share Information

IMKB Code	DESA
Reuters Code	DESA.IS
Bloomberg Code	DESA.TI
Public Offering Date	06.05.2004
Market Capitalization*	43,8 million TL

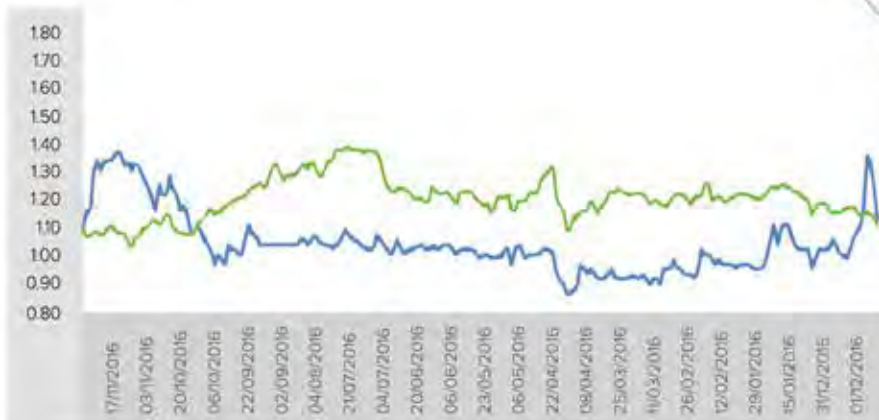
* As of December 31st 2016

35% of DESA share capital is free float. Our company's shareholder structure as of December 31st 2016 is set forth below.

1. Çelet Holding
2. Melih Çelet
3. Free Float
4. Other

Share Performance

DESA BIST



54.3 % **1**
Çelet Holding
26,717,682 TL



3 34.9 %
Free Float
17,188,315 TL

2 10.0 %
Melih Çelet
4,922,197 TL

4 0.8 %
Other
393,780 TL

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Desa Deri Sanayi ve Ticaret A.Ş. ("DESA") has identified the principles contained in the Corporate Principles published by the Capital Markets Board as a target for itself.

The ability to operate at international standards is also of utmost importance besides creating value to the shareholders with a stable and profitable growth performance in order to effectively take a place in the financial markets developing with the depth emerging as a result of globalization trends in the financial markets.

Good corporate governance has a significant contribution to the sustainability of the Company as well as increase of its reliability and prestige in the finance and capital markets.

DESA communicates the necessary information to all its investors and analysts simultaneously in a timely, secure, stable and proper manner under the legal and regulatory rules. Investors and other shareholders can access DESA-related historical and current information in real-time and full presented on our website in the Investor Relations section.

The Company's management aims at complying with the obligations arising from the Corporate Governance Principles Communiqué No: II-17.1 published by the Capital Markets Board Communiqué as a whole, and has taken the necessary actions for this purpose. The principles mandated for our company within the scope of the Corporate Governance Principles Communiqué are complied with.

PART II – SHAREHOLDERS

2.1. Investor Relations Department

2.1.1. Investor Relations Department and its Duties

The legislation and the Articles of Association are complied for the exercise of shareholders' rights and practices that will ensure the exercise of these rights are available. Desa Deri San. ve Tic. A.Ş. estab-

lished an "Investor Relations Department" to manage relations with the investors from the date of the public offering in 2004. All relationships between DESA and the shareholders are carried out under the responsibility of the "Investor Relations Department" as a result of the joint efforts conducted with the relevant departments in accordance with the following principles.

The Investor Relations Department is responsible for informing on the Company's activities and financial condition, excluding confidential information and trade secrets of the shareholders and potential investors, on a regular basis so as to not to cause an information inequality and managing the communication between the shareholders and the Company in coordination with the other departments. In this context, the Investor Relations Department is responsible for

- Presenting the Company to the existing and potential investors and brokerage institutions, replying the queries of analysts and researchers working in these institutions,
- Answering questions and requests from the shareholders,
- Ensuring investor-related databases and records to be kept up to date and orderly,
- Providing a two-way information flow acting as a bridge between the shareholders and the Company's senior management and the Board of Directors,
- Reporting to the relevant departments within the Company and senior management about developments in the capital markets and stock performance,
- Ensuring the shareholders to Access the most accurate, quick and complete information by updating the webpage, activity report, investor presentations, investor bulletins, corporate films and so on communication means on a regular basis which the shareholders can receive information about DESA. In addition, the Department helps executing the General Assembly Meetings conducted within the Company in accordance with the legislation in force and the Articles of Association and other internal regulations. Minutes of the General Assembly meetings ensures keeping voting results recorded and the through the minutes of the General Assembly meeting and relevant reports are submitted to the shareholders by the Investor Relations Department.

The Investor Relations Department performs all kinds of public disclosures, such as disclosing financial reports prepared by the Department of Accounting and particular events as required by legislation. Contact information of the Investor Relations Department is provided below.

Pinar Kaya – Investor Relations Manager

Phone: 0212 473 18 00

Fax: 0212 698 98 12

E-mail: pinar.kaya@desa.com.tr

E-mail: yatirimciliskileri@desa.com.tr

Bülent Uyarlar – Accounting Manager

Phone: 0212 473 18 00

Fax: 0212 698 98 12

E-mail: bulent.uyarlar@desa.com.tr

E-mail: yatirimciliskileri@desa.com.tr

Investor Relations Manager Pinar Kaya and Accounting Manager Bülent Uyarlar carry out their duties in a manner affiliated to Ayhan Diribaş, our Company's Executive Vice President of Financial Affairs. The report with respect to the investor relations activities carried out in 2016 has been submitted to the Board of Directors on January 5, 2017. Investor Relations Manager Pinar Kaya holds an Advanced Level License on Capital Market Activities. In addition, Investor Relations Manager Pinar Kaya has been appointed as the Corporate Governance Committee Member as per the Board of Directors' resolution dated April 18, 2016.

2.1.2. Information on Activities of the Investor Relations Department in 2016

Questions that were addressed to the investor relations department by phone or e-mail were answered. The Company's web-page was regularly updated in order to ensure investors to monitor up-to-date information.

Disclosures which are important to investors were published on the Company's web-page after announced in the Public Disclosure Platform (PDP). Totally 41 material disclosures were announced to the public during 2016 in accordance with the Capital Markets Legislations. The agreement on primary dealer activities regarding the shares of our Company, which has been concluded by and between İş Yatırım Menkul Değerler A.Ş. and our Company

and enter into force upon approval of the Stock Exchange General Directorate dated 07.07.2015 , was extended for a further period of one year. Updates in the investor tools are made on a quarterly basis. Compliance with the legislation is observed to the maximum extent for fulfilling the investor demands, and no complaint against the Company about the exercise of the shareholders' rights or administrative and legal proceedings brought against the Company in this regard was made in the past year to the best of our knowledge

2.2. SHAREHOLDERS' RIGHT TO OBTAIN INFORMATION

2.2.1. Principles regarding Exercise of the Right to Obtain and Review Information

No distinction is made between the shareholders regarding the exercise of the right to obtain and review information. Apart from information in trade secret nature from the shareholder, all requests to obtain information are discussed with the relevant departments and answered and communicated to the shareholders by telephone or e-mail.

Any kind of information that would interest to the shareholders during the year is disclosed with the necessary explanations and published on the website.

2.2.2. Right to Request a Private Auditor

Although there is no arrangement regarding appointment of a private auditor in the Articles of Association, no request has been received from the shareholders in this direction. The Company's activities are periodically audited by an Independent Auditor and Statutory Auditors determined at the General Assembly. The independent auditing company, selected in the Ordinary General Assembly for 2015 held on March 31st 2016 is RSM Turkey Bağımsız Denetim ve YMM Anonim Şirketi.

2.3. INFORMATION ON GENERAL ASSEMBLY

The General Assembly meetings are held taking into account the Turkish Commercial Code, the Capital Markets Legislation and the Corporate Governance Principles to allow the shareholders to obtain adequate information and broad participation.

2.3.1. General Assembly Pertaining to 2015

The General Assembly meeting was held on March 31, 2016 with a quorum of 80% no specific period of time was provided to register the registered shareholders into the share ledger and the relevant provisions of the Turkish Commercial Code were applied. The General Assembly meeting was held in the Company's headquarters in order to facilitate the participation under the supervision of the Commissioner appointed by the Ministry of Industry and Trade. The location where our General Assembly meetings are held is arranged in a manner allowing participation of all shareholders. A separate agenda item on the donations and aids during the year was included in the agenda of the General Assembly. No proposal with respect to the agenda was submitted by the shareholders separately. Media did not participate in the meeting.

Annual General Meeting for 2015 was held in a manner allowing electronic voting pursuant to the Turkish Commercial Code.

2.3.2. Invitations and Announcements

Invitations to the General Assembly meetings are made by the Board of Directors in accordance with the Turkish Commercial Code (TCC), the Capital Market Law and the provisions of the Company's Articles of Association. When the Board of Directors adopts a resolution for a General Assembly, the necessary announcements are made via the PDP and the public is informed. Announcement for a General Assembly meeting is published on all editions of a newspaper published daily in Turkey and on the Trade Registry Gazette to reach the greatest possible number of shareholders within the framework of the necessary legal provisions. Announcement including information on the date and time of the Ordinary General Assembly meeting for 2015, the meeting place, the agenda items, attendance procedure to the Ordinary General Assembly of the shareholders, power of attorney sample and information on issuance procedure thereof have been published on Turkish Trade Registry Gazette issue no. 9024 dated 03.03.2016 and the issue of Millî Gazete no. 15596 dated 03.03.2016, which is published throughout Turkey.

In the General Assembly announcements published on the Website along with the General Assembly Information Document; meeting day and time, meeting place,

agenda, and invitation being made by the Board of Directors and attendance procedure of the shareholders to the General Assembly are explained.

Along with these, total number of shares and voting rights reflecting the shareholding structure of the Company, number of shares and voting rights representing each of the privileged share group, if there is privileged shares in the Company's capital, changes and amendments in the management and activities of the Company as well as the prominent affiliates and subsidiaries of the Company in the previous fiscal year or planned to be made in the following fiscal year which shall affect the Company's activities significantly and the reasons of these changes and amendments along with the activity reports and the annual financial statements of the last two fiscal periods of all the corporations subject to these changes; reasons of dismissals or replacement of the Members of the Board of Directors, if the Agenda of the General Assembly includes dismissal, replacement or election of the Members of the Board of Directors, information about the persons nominated for the Membership of the Board of Directors, along with the resolution of the Board of Directors on the amendment of the Articles of Association taking place in the agenda, the previous and the new versions of the Articles of Association amendments, curriculum vitae of the persons to be nominated for the Memberships of the Board of Directors, duties they've performed within the last ten years and reasons for departure from these positions, quality and significance level of their relations with the Company and the Company's related parties and whether they have the qualification of independence as well as information on the similar which might affect the Company's activities in case they are elected as the Members of the Board of Directors have been disclosed to public within 1 week as from the date of the announcement of the General Assembly. Announcements on the General Assembly, along with procedures stipulated by the legislation, have been published in the Company's registered office and the website (www.desa.com.tr) in a way to reach to a majority of the shareholders not later than 21 days before the General Assembly. There is no question which was not answered during the General Assembly meeting but answered by the Investor Relations Department in writing later on.

2.3.3. Methods of Voting

The example of the power of attorney for shareholders who will be represented by a proxy in the General Assembly Meeting is available on the Company's web-page and newspaper advertisement.

2.3.4. Principles for Participating in the General Assembly

Group A shares are registered shares and Group B shares are bearer shares in our Company. The records in the Shareholders List of the shareholders, whose shares were in the investor accounts under the Intermediary Institutions before the Central Registry Agency and who wished to attend the General Assembly Meeting, were taken into account under the provisions governing the General Assembly Procedures of the Central Registry Agency in the Company's 2015 annual general meeting held on March 31, 2016. These shareholders may attend the General Assembly meetings themselves as well as being represented by a third party. Such representatives are not required to be a shareholder.

The shareholders may have themselves represented by other shareholders or by a proxy to be appointed externally in the General Assembly meetings in accordance with the Capital Markets Board regulations governing voting by proxy. Representatives, who are shareholders of the Company, are also authorized to vote on behalf of the shareholders that they represent other than their own votes.

2.3.5. Meeting Minutes

Meeting minutes are available at www.kap.gov.tr and www.desa.com.tr immediately after the end of the meeting. In addition, these minutes are available review by the shareholders at the Company's headquarters and are shared with investors who request to access these minutes.

2.4. VOTING RIGHTS AND MINORITY RIGHTS

2.4.1. Exercise of Voting Right

The Company avoids practices that make exercising voting rights difficult and provides all shareholders with an equal, easy and convenient voting possibility. Nonpreferential shareholders having the right to vote in the Company may vote themselves as well as through a third party

who is not a shareholder. No provision that prevents any person, who is not a shareholder, to vote by proxy as a representative for the unprivileged shares exists in the Articles of Association. It was decided, by the resolution of our Board of Directors dated 06.01.2016, to make an application to the Capital Markets Board for the purpose of amending the subparagraph d entitled "Voting and Appointment of Proxy" of the article 20 entitled "General Meeting" of our Company's Articles of Association in order to ensure compliance with the Turkish Commercial Code 6102. The application for amendment to the Articles of Association was approved by the letter no. 29833736-110.03.02-E.520 of the Capital Markets Board dated 15.01.2016. The amendment draft was also approved by the Ministry of Customs and Trade, General Directorate of Domestic Trade with its letter no. 67300147 – 431.02 dated 26.01.2016. The text of the amendment was submitted for approval and adopted by the shareholders in our Company's Annual General Meeting for 2015 held on 31.03.2016. According to the said amendment in articles of association, the shareholders of group A are entitled to 15 (fifteen) votes for 1 (one) share and the shareholders other than group A are entitled to 1 (one) vote for 1 (one) share in annual and special General Meetings.

2.4.2. Minority Rights

The Company pays attention to exercise of the minority rights. No criticism or complaint was made in this regard in 2016. Since we privileged shares for the voting rights, there is no regulation on the cumulative voting. Group A shares have the right to determine 4 out of 5 board members. No company with any crossshareholding relations exists. Cumulative voting method is not included in the Company's Articles of Association.

There is no provision in the Articles of Association for determining the minority rights in a manner less than one twentieth of the capital.

2.5. DIVIDEND DISTRIBUTION POLICY AND DIVIDEND DISTRIBUTION PERIOD

2.5.1. Dividend Distribution Policy

DESA Deri Sanayi Ve Ticaret A.S. carries out dividend distribution in accordance with the CMB regulation. The Company unanimously resolved to follow a well-balanced and prudent dividend distribution policy by taking into consideration utilizing

internal and external investment opportunities as well as the shareholders in the market and the Company's interests in order to consider additional investments to be made abroad and prevent possible effects of a global economic crisis in line with the targets of "DESA" brand of growing, developing and being a global company with a strong financial structure in accordance with the Corporate Governance Principles of the Capital Markets Board. This dividend distribution policy is available in the annual report and at the Company's official web-page. There is no privilege as to participation in the Company's profit.

2.5.2. Dividend Distribution Period

The approval of the General Assembly and the legal time limits are observed based on the provisions of the Turkish Commercial Code, the Capital Market Board regulations and the provisions of the Company's Articles of Association for dividend distribution.

2.6. TRANSFER OF SHARES

The Articles of Association does not include any provisions that make public Group B shareholders to freely transfer their shares difficult and restrict share transfer. Bearer shares shall be transferred and assigned in accordance with the provisions of the Turkish Commercial Code and other relevant legislation. For non-public Group A shares owned by a controlling shareholder, other Group A shareholders have a pre-emption right in proportion to their shares before the Company according to Article 9 of the Articles of Association.

PART III –PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 CORPORATE WEBSITE AND ITS CONTENT

The official website of Desa Deri San. Ve Tic. A.S. (www.desa.com.tr) is periodically updated and in addition, the website includes prospective information. The necessary information is published on the Company's website in accordance with the CMB's Corporate Governance Principles. The Company's Annual Reports are published both in English and Turkish. Our investors are informed regularly on the following matters including the issues specified by the Corporate Governance Principles in the investor relations section of the website to provide the existing and potential investors and intermediaries with a more comprehensive flow of information.

- The Company's Articles of Association
- Trade registry information
- Financial Data
- Audit Reports
- Annual Reports
- Corporate Governance Practices and Compliance Report
- Duty and Working Principles of Corporate Governance Committee
- Material Disclosures
- Agenda of the General Assembly
- Minutes of the General Assembly Meetings
- Attendance Sheet
- Partnership Structure
- Company Policies
- Board Members
- Sample of power of attorney
- Frequently asked questions
- Contact information

3.2. Annual Reports

Annual reports are prepared in a manner to allow our shareholders, the public and all other stakeholders to obtain full and accurate information about the activities of the Company and with details stipulated in Turkish Commercial Code as well as Capital Markets Legislation.

PART IV – STAKEHOLDERS

4.1. DISCLOSURES TO STAKEHOLDERS

Stakeholders will be informed on the matters that concern them through the press, material disclosures, and press and analyst meetings and in electronic media in line with the Company's disclosure policy.

Participation in the management requires to be elected to the Board of Directors; however, employees are encouraged to participate in the management with various business processes. There is no restriction for the stakeholders to transmit the Company's actions that are contrary to the legislation and unethical to the Company's Corporate Governance Committee and the Audit Committee.

Ensuring compliance with the legal regulations as well as supervision thereof is under the responsibility of the Audit Committee and examining as well as settling the complaints from shareholders and stakeholders about the matters related with the corporate governance is under the responsibility of the Corporate Governance Committee.

4.2. PARTICIPATIONS OF STAKEHOLDERS TO MANAGEMENT

No model was formed with respect to inclusion of the stakeholders to the management of the company. On the other hand, the requests and the proposals submitted in the meeting held with the employees and the other stakeholders are evaluated by management and policies as well as practices related thereto are developed.

4.3. HUMAN RESOURCES POLICY

Without forgetting the fact that our most important resource is human, we summarize the human resource development philosophy of our company targeting to have human resources necessary for the future while living today as follows: "We will train our human resources at every level by ourselves." We carry out the training and development activities under our own structure in order to train and develop DESA employees in accordance with this philosophy. Furthermore, we try to ensure the conformity of the qualifications that we look for the personnel to be employed in our company with the job to be performed by such personnel and choose individuals who are prescient as well as have career expectations for the success of this policy. We clearly explain their duties and responsibilities to all of the personnel employed in our company during employment interview; provide them with orientation training after employment and deliver their job definitions in writing.

"Joint Working Committee" was formed in order to ensure conveying the problems encountered by the employees to the management systematically for solution and to evaluate the demands of the social responsibility standard and share the same with the management for the purpose of increasing the motivation within the business as well as paralleling the corporate and individual targets. This committee is constituted by the representatives from each department elected by our personnel with their own votes and carries out its activities in accordance with its written regulations.

There is no complaint with respect to discrimination in our company and also no complaint arisen in social responsibility inspections carried out by independent auditors regularly related thereto upon requests of our customers. Furthermore, the text of "the social responsibility policy" is placed in locations visible by all of the employees throughout the workplace. The Company's total number of employees as of December 31, 2016 is 1,496.

4.4. CODES OF CONDUCT AND SOCIAL RESPONSIBILITY

Codes of conduct were created for the Company and employees, and these codes of conduct determined were disclosed to the employees with the Human Resources Manual and to the public in accordance with the disclosure policy. In its history of 44 years, the corporate culture of Desa in compliance with honesty, respect, ethical behaviour and the laws and regulations always has been at the forefront. Aiming at offering a healthy development, universal quality and standards of products and services by ensuring customer satisfaction together with its employees and in this way, becoming a symbol of credibility, continuity and prestige before our country, its customers, shareholders, the companies it exports to the values of Desa shed light to the path to be followed to achieve these objectives, and these are shared with the public through its website. The ethical values of Desa are the key factors lying behind its success and to achieve the future objectives. Desa has been attaching importance to support social and cultural activities since its foundation. For this purpose, the Company sponsors various activities.

Desa operates in line with the system that it has created within the framework of the Labour Law and Laws on Social Security and Employee Health and Safety. In addition, Desa have the ETI BASE CODE audits performed by the companies accredited by Sedex system and all the reports are loaded to the Sedex system. Audits are performed on various subjects including quality, environment, management system and SA8000.

The Company observes the industry-specific norms on the environment in production under the Environmental Policy and System created by the Company itself. No lawsuit was filed against the Company for damage to the environment during the period. The Company's codes of conduct are available at our website (www.desa.com.tr).

PART V – BOARD OF DIRECTORS

5.1. STRUCTURE AND FORMATION OF BOARD OF DIRECTORS

Turkish Commercial Code, Capital Markets Board regulations and the Corporate Governance Principles apply to the election of board members. The Board of Directors consists of five members totally two of which are independent members

Melih ÇELET - **Executive Member – Chairman**
Burak ÇELET - **Executive Member – General Manager**

Burçak ÇELET - **Non-executive Member - Corporate Governance Committee Member**
Osman Tavlay - **Non-executive Independent Member**

Mehmet Kaan Koz - **Non-executive Independent Member**

Any event which would render the independency of the independent board members null and void did not occurred as of the respective activity period. The statements of independency of the independent board members are as follows. Since I have been elected as "Independent Member" of the Board of Directors in the General Assembly meeting dated March 31, 2016, I hereby submit the following issues for our Board of Directors', our shareholders' and all other stakeholders' information pursuant to the regulations of the Capital Markets Board regarding corporate governance;

- No direct or indirect relationship in terms of employment, capital or other important trading activities has been formed between me, spouse or my blood or affinity relatives up to the third degree and any of Desa Deri San. Ve Tic. A.Ş.'s related parties or legal entities which have management or capital relation with shareholders having shares at a rate of 5% or more in the capital of Desa Deri directly or indirectly within last five years,
- I have not been employed in a company, primarily serving as auditing, consulting and rating company, which undertakes full or partial activities or organization of Desa Deri under an agreement and held any position in such a company as a member of the board of directors within the last five years,
- I have the required professional training, knowledge and experience for performing the duties of which I would assume with my capacity as an independent member of the board of directors properly,
- I am not a full-time employer of any public institution or organization,
- I am considered as a resident in Turkey in accordance with the Income Tax Law
- I have strong standards of ethics, Professional reputation and experience for adding positive contribution in activities of Desa Deri, for securing my independency about subjects in relation with the conflicts of shareholders and for making independent decisions with taking into account of stakeholders' rights,
- I am able to allocate necessary time for businesses of the company at a level sufficient for monitoring the processes and

the activities of Desa Deri as well as fulfilling the requirements of my duties.

The CVs of the members of the Board of Directors are as follows:

Melih ÇELET – Chairman

Mr. Melih ÇELET, founded Desa in 1972, graduated from Ankara College in 1968 and studied at Istanbul University, Faculty of Pharmacy Mr. Melih ÇELET speaks English.

Burak ÇELET – Board Member - General Manager

Mr. Burak ÇELET graduated from Boğazici University in 1999, with a Bachelor's degree in Mechanical Engineering. He received an MBA degree in Corporate Finance from University of Wisconsin, Madison, in 2001. He obtained a Master of Science degree in Leather Technology from Northampton College in 2002. Mr. Burak ÇELET serves as a Board Member of the United Brands Association, Board Member of the Istanbul Leather and Leather Products Exporters' Association, Board Member responsible for Leather Promotion Group as well as Member of the Turquality Working Group in addition to his duty as General Manager in our Company. Mr. Burak ÇELET speaks English and German.

Burçak ÇELET – Board Member

Ms. Burçak ÇELET completed her bachelor's degree in Industrial Engineering at Yıldız Technical University in 1999. Between 1999 and 2001, she worked as Planning Director at Toys'R'Us. She received her Master of Science degree in Retail Management from University of Surrey in 2002 and she served as Category Director at Joker Maxitoys between 2003 and 2004. Ms. Burçak ÇELET, who has been serving at the Department of E-Trade as well as a Board Member in our Company since 2004, speaks Italian, English and French.

Mehmet Kaan KOZ – Independent Board Member

Mr. Mehmet Kaan KOZ completed his undergraduate education at Boğazici University, Department of Mechanical Engineering in 1999 that he entered in 1995 after graduating from the German High School. He began his professional career in Arçelik A.S. Research and Technology Development Centre as a member of Koç Holding's Management Trainee Program in 1999 and then he had a start in the business life and became the Managing

Partner of Anova Ltd. Şti. established in 2003. Mr. KOZ was elected as an independent member for a period of two years with the resolution dated March 31, 2016 taken in the Company's annual general meeting for the year 2015.

Osman TAVTAY – Independent Board Member

Mr. Osman TAVTAY, who completed his bachelor's degree in Geophysical Engineering at Istanbul Technical University in 1986, served as a Senior Trader at Koç Menkul Değerler between 1996 and 1998 after serving as a Stock Exchange Agent and Expert at Can Menkul Değerler, Piramit Menkul Kıymetler and Ekinçiler Yatırım between 1990 and 1996. Mr. TAVTAY, who served as Domestic Operations Director at ABN Amro Yatırım A.S. between 1998 and 2004, was elected as an independent member for a period of two years at the Company's 2015 annual general meeting dated March 31, 2016.

Our independent Members of the Board of Directors have submitted their Declaration of Independence to the Corporate Management Committee executing also the duty of the Nomination Committee. Corporate Management Committee has submitted the nominating report prepared for the independent candidate members of the Board of Directors to the Board of Directors on 08.03.2016. At the Ordinary General Assembly dated March 31, 2016, Mr. Osman Tavtay and Mr. Mehmet Kaan Koz have been elected in the capacity of "Independent Member" to the Board of Directors for 2 (two) years. Members of the Board of Directors participating in duties out of the company is not conditioned and of the members, Mr. Mehmet Kaan Koz is performing a duty as the Administrative Partner of Anova Ltd. Şti. There is one female member in the current Board of Directors of our Company.

5.2. PRINCIPLES FOR ACTIVITIES OF BOARD OF DIRECTORS

Activities of the Board of Directors are carried out under the provisions of the Turkish Commercial Code and the Articles of Association. The number of resolutions taken by the Board of Directors increased to 37 with the resolutions taken within the framework of the paragraph 4 of Article 390 of the Turkish Commercial Code No. 6102 in 2016. The members of the Board of Directors do not have the right of casting vote and each member is entitled to one vote. Votes are announced as accepted or rejected at the meetings of the Board of Directors. Those who have a counter vote shall write the justification of the decision and sign. However, no public disclosure has been made in this regard recently as such kind of opposition or difference of opinion has not been declared. The Board Members pay attention to the participation in the meeting of the Board of Directors of the Company in person. The damages to the Company which may

be caused by the defaults of the Board Members during the performance of their duties have not been insured yet.

5.3. NUMBER, STRUCTURE AND INDEPENDENCY OF COMMITTEES ESTABLISHED IN BOARD OF DIRECTORS

Efforts on Corporate Governance were launched in 2005. The Audit Committee acting under the Board of Directors was established with decision of the board of directors numbered 18, dated May 26th 2004. The Corporate Governance Committee has been established with the decision of the board of directors numbered 22, dated June 19th 2012 within the framework of the Principles of Corporate Governance in the activity period of the year 2012. The duties and responsibilities for Candidate Nomination Committee, Committee for Early Detection of Risk and Remuneration Committee were assigned to the established committee. The Committee for Early Detection of Risk was established with decision of the board of directors numbered 16, dated May 20th 2013. Osman Tavtay was elected as the chairman of the committee and Burçak Çelet as the member.

5.3.1. Audit Committee

The Audit Committee fulfils the duties provided for the audit committee in the Capital Markets Regulation. In this context, the Company's accounting system of the partnership. Selecting the independent auditing company, preparing independent audit contracts and initiating independent audit process and activities of the independent auditing organization at each step take place under the supervision of the audit committee. The Audit Committee must submit the annual and interim financial statements to be disclosed to the public to the Board of Directors in writing with its own evaluations by obtaining the views of the responsible executives and independent auditors of the partnership regarding the compliance of the statements with the accounting principles of the partnership, the truth and accuracy, and shall convene at least four times in a year and more frequently if necessary.

The Audit Committee together with the Company's management are responsible for maintaining the internal and external auditing carefully and ensuring compliance of the records, procedures and reports with the relevant laws, rules and regulations as well as the principles of the CMB and IFRS. This committee consists of non-executive independent members.

Members of the Audit Committee:

Chairman: OSMAN TAVTAY
Member: MEHMET KAN KOZ

5.3.2. Corporate Governance Committee

The Corporate Governance Committee performs acts to support and assist the Board of Directors by performing efforts for compliance of the Company with the corporate governance principles, determination of the board members and senior executives, assessment of remuneration, reward and performance evaluation and career planning, investor relations and public disclosure. The reason for Mehmet Kaan Koz, independent member, is assigned to the both committees is that two of our independent members are assigned to the audit committee due to the requirement that the audit committee must consist of independent members. He carries out these duties because the members of the Corporate Governance Committee must consist of non-executive members.

Corporate Governance Committee Members:

Chairman: MEHMET KAN KOZ
Member: BURÇAK ÇELET
Member: Pınar KAYA

5.3.3. The Early Detection of Risk Committee

Duties of the Early Detection of Risk Committee; determining fields which may create administrative risks and weaknesses and receive opinions of the management and the related parties on the plans for correcting the deficiencies. Early detection of the risks which may endanger the existence, development and continuity of the Company, applying the necessary precautions about the determined risks and performing studies on risk management. Reviewing risk management systems at least once a year. Examining significant complaints about the administration received by the Company, providing the settlement of the problem and ensuring the employees' notices on these subjects to be transmitted to the administration within the framework of confidentiality principle.

Members of the Early Detection of Risk Committee:

Chairman: OSMAN TAVTAY
Member: BURÇAK ÇELET

5.4. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Risk management of the Company includes examining periodically the

financial risks, market risks and operational risks. Internal audit evaluates the sufficiency and efficiency of the controls including the management and activities of the company and information systems depending on the results of the risk assessments. These evaluations involve financial and operational information reliability, efficiency and productivity of the activities, protection of assets, complying laws, regulations and agreements. Tuncay Erol is the Expert Responsible from Internal Audit of our Company.

5.5. COMPANY'S STRATEGIC TARGETS

Desa's mission, vision, targets and ethical values are added to the corporate identity file and published on the Company's website.

The Board of Directors agrees on and approves the creation of strategic objectives prepared by the managers. Activities are assessed on monthly, quarterly, semi-annual, 9 months and annual basis. The strategic objectives for the year 2017 have been established and review of the sale-marketing and production targets has been started. Efforts for spread of the targets are ongoing. The next 5-year strategic planning process has begun. The actual situation for the year 2016 has been determined by creating all the indicators for financial, customer, process and learning, development targets for all the departments, and the forecast for the year 2017 has been established.

5.6. FINANCIAL RIGHTS TO THE BOARD OF DIRECTORS

The rights, the interests and the fees provided to the members of the Board of Directors are applied based on the decisions taken at the General Assembly. No benefit, such as debt, surety, credit and etc., was provided to the Board Members during the reporting period. The financial rights in remuneration provided to the Board of Directors are discussed at the General Assembly, and the public is informed through the meeting minutes. The rights determined are informed not on an individual basis but whether or not they are provided to the executive members or independent members. The principles with respect to remunerations of the members of the board of directors and the manager having administrative responsibilities have been adopted with decision of the board of directors numbered 15, dated May 20th 2013 and posted in investor relations section of the Company's website. Policy also was submitted for the shareholders' information in the Ordinary General Assembly meeting for 2013.

INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ANNUAL REPORT

To the Board of Directors of Desa Deri Sanayi ve Ticaret Anonim Şirketi

Report on Audit of Board of Directors' Annual Report Based on Independent Auditing Standards

We have audited the accompanying annual report of Desa Deri Sanayi ve Ticaret Anonim Şirketi ("the Company") for the year ended on December 31, 2016.

Board of Directors' Responsibility for the Annual Report

Pursuant to the article 514 of the Turkish Commercial Code 6102 ("TCC") and the Capital Markets Board's (CMB) Communiqué on the Principles of Financial Reporting in Capital Markets ("Communiqué"), the management of the Company is responsible for the preparation of the annual report fairly and consistent with the financial statements and for such internal control as the management considers as necessary to enable the preparation of such annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report, basing on our audit carried out in accordance with the article 397 of the TCC and the Communiqué, as to whether the financial information included in the accompanying annual report is consistent with the audited financial statements included in the independent auditor's report of the Company dated March 1, 2017 and provides fair presentation.

Our audit has been conducted in accordance with the Independent Auditing Standards ("IAS") which is a component of the Turkish Auditing Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority. Those standards require ensuring compliance with ethical requirements as well as planning and performing the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the financial statements and provide fair presentation. An independent audit also includes performing audit procedures in order to obtain audit evidence about the historical financial information. The selection of the procedures depends on the independent auditor's professional judgment. We believe that the audit evidence we have obtained during the independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Istanbul, March 1, 2017

RSM Turkey

BAĞIMSIZ DENETİM VE YMM A.Ş.

Celal Pamukçu

Responsible Partner, Chief Auditor

Opinion

In our opinion, the financial information included in the management's annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

Other Obligations arising from Regulatory Requirements

In accordance with the third clause of the article 402 of the TCC, no material issue has come to our attention which should be reported about the inability of Desa Deri Sanayi ve Ticaret Anonim Şirketi to continue as a going concern in foreseeable future under IAS 570 "Going Concern"

Istanbul, March 1, 2017

RSM Turkey

BAĞIMSIZ DENETİM VE YMM A.Ş.

Celal Pamukçu

Responsible Partner, Chief Auditor

RESOLUTION DATE: 01/03/2017
RESOLUTION NO: 4/2017 OF THE BOARD OF DIRECTORS
REGARDING THE APPROVAL
OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

**STATEMENT OF RESPONSIBILITY PREPARED
PURSUANT TO ARTICLE 9 OF THE COMMUNIQUÉ NO. II-14.1 OF
THE CAPITAL MARKETS BOARD**

1- Our Company's independently audited Financial Tables and Annual Report for the period between January 1, 2016 and December 31, 2016 have been inspected by the Board of Directors.

2- Based on the information we possess within the scope of our duties and responsibilities in the Company, the financial statements and the annual report do not contain any incorrect statement or any omission of material facts that may result in misleading conclusion as of the date of issuance.

3- Prepared in accordance with the financial reporting standards in effect, the financial statements provide an accurate view of the assets, liabilities, financial position and profit or loss of the Company, and the annual report provides an accurate view of the development and performance of the business and the financial position of the Company as well as the principal risks and uncertainties the Company is exposed to.

Respectfully yours,

Chairman
MELİH ÇELET

General Manager
BURAK ÇELET

CFO
AYHAN DIRIBAŞ

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ
INDEPENDENT AUDIT REPORT FOR THE PERIOD
BETWEEN JANUARY 1 – DECEMBER 31, 2016

To the Board of Directors of Desa Deri Sanayi ve Ticaret Anonim Şirketi

We have audited the accompanying balance sheet of Desa Deri Sanayi ve Ticaret Anonim Şirketi ("the Company") as at December 31, 2016 and related statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended as well as a summary of significant accounting policies and explanatory notes.

Responsibility of the Company's Management for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") as well as for such internal controls determined as necessary by the management in order to enable the preparation of the financial statements in a manner free from material misstatement, whether due to fraud or error, for this purpose.

Responsibility of the Independent Auditor

Our responsibility is to express an opinion on these financial statements basing on our audit. Our independent audit has been conducted in accordance with independent auditing standards issued by the Capital Markets Board. Those standards require compliance with the ethical requirements as well as planning and execution of the independent audit in a manner ensuring reasonable assurance on whether the financial statements are free from material misstatement.

Our independent audit involves use of independent auditing techniques in order to obtain audit evidences about the amounts in and the notes to the financial statements. Selection of independent auditing techniques has been made basing on our professional opinion in a manner covering the risk assessment on whether the financial statements contains any material misstatement including whether such misstatement is due to error and/or fraud. In such risk assessment, the internal control system of the Company has been taken into the consideration. However, our purpose is to present the relation between the financial statements

prepared by the Company's management and the internal control system in order to design the independent auditing techniques in accordance with the requirements but not to express an opinion on the effectiveness of the internal control system. Our independent audit also includes evaluation of appropriateness of the accounting policies adopted and the significant accounting estimates made by the Company's management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained during our independent audit constitute a sufficient and appropriate basis for our opinion.

Basis of Limited Positive Opinion

The Company enters its affiliates and subsidiaries into the financial statements as financial assets at their cost values pursuant to the article 46 of TAS 39. Any study regarding the impairment of these financial assets has not been carried out by the Company at the end of the year.

Opinion

In our opinion, except for the possible impacts of the issues specified in section titled "Basis of Limited Positive Opinion", the accompanying financial statements present fairly, in all material respects, the financial position of Desa Deri Sanayi ve Ticaret Anonim Şirketi as at December 31, 2016 as well as its financial performance and cash flows for the year then ended in accordance with the TAS (please see, Note 2).

Report on Other Obligations arising from Regulatory Requirements

- 1)** The Auditor's Report on the Early Detection of Risk System and Committee issued in accordance with the paragraph four of the article 398 of Turkish Commercial Code No.6102 ("TCC") has been submitted to the Company's Board of Directors on March 01, 2017
- 2)** Pursuant to the paragraph four of the article 402 of TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities, financial statements for the period between January 1 – December 31, 2016 are not in compliance with the provisions of TCC and the Company's articles of association in relation to the financial reporting.
- 3)** Pursuant to the paragraph four of the article 402 of TCC, the Board of Directors has submitted to us the necessary explanations and provided the required documents within the context of audit.

Istanbul, March 01, 2017

RSM TURKEY
BAĞIMSIZ DENETİM VE YMM A.Ş.
Celal Pamukçu
Responsible Partner, Chief Auditor

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**INDEPENDENTLY AUDITED****STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) DATED 31ST DECEMBER 2016**

(All amounts expressed in "TL")

	Note References	Current Period 31.12.2016	Previous Period 31.12.2015
ASSETS			
Current Assets		146,340,813	135,230,119
Cash and Cash Equivalents	Note 47	6,785,223	967,959
Trade Receivables			
Trade Receivables from Related Parties	Note 6,7	813,154	6,502,815
Trade Receivables from Non-Related Parties	Note 7	4,656,192	3,812,387
Other Receivables			
Other Receivables from Related Parties	Note 6,9	1,872,273	-
Other Receivables from Non-Related Parties	Note 9	129,512	77,050
Inventories	Note 10	125,341,205	118,697,148
Prepaid Expenses			
Prepaid Expenses of Related Parties	Note 6,12	85	1,392
Prepaid Expenses of Non-Related Parties	Note 12	5,208,052	2,174,517
Assets Related to Current Period Tax	Note 40	439	221
Other Current Assets	Note 29	1,534,678	2,996,630
Fixed Assets		45,240,534	40,522,178
Other Receivables			
Other Receivables from Related parties		-	-
Other Receivables from Non-Related Parties	Note 9	190,174	185,906
Financial Investments	Note 4/a	7,864,316	7,685,480
Investments Valued by Equity Method	Note 4/b	6,845,387	5,391,450
Tangible Fixed Assets	Note 14	29,037,330	25,950,812
Intangible Fixed Assets	Note 17	725,926	867,767
Prepaid Expenses			
Deferred Tax Assets	Note 40	777,401	440,763
TOTAL ASSETS		191,581,347	175,752,297

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ

INDEPENDENTLY AUDITED

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) DATED 31ST DECEMBER 2016

(All amounts expressed in "TL")

	Note References	Current Period 31.12.2016	Previous Period 31.12.2015
LIABILITIES			
Short Term Liabilities		92,366,255	77,525,620
Short Term Financial Liabilities	Note 47	7,601,800	13,161,114
Short Term Parts of Long Term Financial Liabilities	Note 47	28,409,763	12,585,756
Trade Payables			
Trade Payables to Related Parties	Note 6,7	8,506,313	5,732,917
Trade Payables to Non-Related Parties	Note 7	37,360,050	34,843,889
Payables within the Scope of Benefits to Employees	Note 27	3,700,895	3,111,799
Other Payables			
Other Payables to Related Parties		-	-
Other Payables to Non-Related Parties	Note 9 Note 46	3,335,650	2,373,145
Deferred Income			
Deferred Income from Related Parties	Note 6,12	452,180	2,279,535
Deferred Income from Non-Related Parties	Note 12 Note 40	715,250	584,209
Short Term Provisions			
Short Term Provisions for Benefits to Employees	Note 25	1,807,273	1,833,203
Other Short Term Provisions	Note 25 Note 29 Note 29 Note 29	477,081	1,020,053
		-	-
		-	-
		-	-
Long Term Liabilities		49,533,233	34,686,264
Long-Term Financial Liabilities	Note 47	46,258,999	31,969,182
Trade Payables			
Trade Payables to Related Parties		-	-
Trade Payables to Non-Related Parties	Note 7	44,841	-
Other Payables		-	-
Other Payables to Related Parties		-	-
Other Payables to Non-Related Parties	Note 9	33,824	-
Long Term Provisions			
Long-Term Provisions for Benefits to Employees	Note 25	3,195,569	2,717,082
Other Long-Term Provisions		-	-
		-	-
Shareholder's Equity		49,681,859	63,540,413
Paid in capital	Note 30	49,221,970	49,221,970
Capital Adjustment Distinction	Note 30	5,500,255	5,500,255
Other Accumulated Comprehensive Incomes or Expense not to be Reclassified as Profit or Loss			
Revaluation and Evaluation Earnings/Losses	Note 30	8,680,485	8,851,757
Actuarial Loss/Earning Related to Benefits to Employees	Note 30	(1,117,894)	(730,732)
Reserves on Retained Earnings	Note 30	960,423	960,423
Accumulated Profit/Loss	Note 30	(263,260)	3,834,799
Net profit/loss for the period	Note 30	(13,300,120)	(4,098,059)
TOTAL LIABILITIES		191,581,347	175,752,297

**DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ INDEPENDENTLY AUDITED
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT PERTAINING
TO THE PERIOD ENDING ON 31ST DECEMBER 2016**

	Note References	Current Period 31.12.2016	Previous Period 31.12.2015
PROFIT OR LOSS PART			
Revenue	Note 31	151,465,709	196,564,088
Cost of Goods Sold (-)	Note 31	(78,198,157)	(120,610,269)
GROSS PROFIT / LOSS		73,267,552	75,953,819
General Administrative Expenses (-)	Note 33	(12,486,139)	(13,626,147)
Marketing Expenses (-)	Note 33	(69,452,765)	(61,460,193)
Research and Development Expenses (-)	Note 33	(1,919,559)	(1,951,991)
Other Incomes from Real Activities	Note 34	14,354,854	12,632,941
Other Expenses of Real Activities (-)	Note 34	(4,954,999)	(7,819,834)
REAL OPERATING PROFIT / LOSS		(1,191,056)	3,728,595
Incomes from Investing Activities	Note 35	12,891	76,635
Profit/Loss Share on Investments Valued by Equity Method	Note 4/b	1,453,937	1,706,141
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES		275,772	5,511,371
Financing Expenses (-)	Note 37	(13,806,726)	(10,144,797)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX		(13,530,954)	(4,633,426)
Continuing Operations Tax Expenses/Incomes		230,834	535,367
Tax Expense/Income for the Period	Note 40	-	-
Deferred Tax Expenses/Incomes	Note 40	230,834	535,367
CONTINUING OPERATIONS PROFIT/LOSS FOR THE PERIOD		(13,300,120)	(4,098,059)
DISCONTINUED OPERATIONS PROFIT/LOSS FOR THE PERIOD		-	-
PROFIT/LOSS FOR THE PERIOD		(13,300,120)	(4,098,059)
Earnings per Share	Note 41	(0.0027)	(0.0008)
Earnings per Share from Continuing Operations		(0.0027)	(0.0008)
		0.0000	-
OTHER COMPREHENSIVE INCOME			
Not to be Reclassified in Profit or Loss		(558,434)	(464,942)
Tangible Fixed Assets Revaluation Increases/Decreases	Note 30/d	(171,272)	(171,272)
Actuarial Loss/Earning Related to Benefits to Employees	Note 30/d	(387,162)	(293,670)
To be Reclassified as Profit or Loss		-	-
OTHER COMPREHENSIVE INCOME		(558,434)	(464,942)
TOTAL COMPREHENSIVE INCOME		(13,858,554)	(4,563,001)

**DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ INDEPENDENTLY AUDITED
CASH FLOW STATEMENT PERTAINING
TO THE PERIOD ENDING ON 31ST DECEMBER 2016**

	Note References	Current Period 31.12.2016	Previous Period 31.12.2015
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/Loss for the Period		(13.300.120)	(4.098.059)
Adjustments relating to Profit/Loss Reconciliation for the Period		866.314	1.673.989
Adjustments relating to Depreciation and Amortization Expenses	Note 14, 17	4.465.444	4.111.979
Adjustments relating to Provisions			
Adjustments relating to Provisions (Cancellation) for Benefits to Employees		(50.107)	(157.041)
Adjustments relating to case and/or punishment provisions (cancellation)		(542.972)	457.074
Adjustments relating to Other Provisions (Cancellations)			-
Adjustments relating to Interest Expenses		451.915	344.803
Adjustments relating to the Undistributed Earnings of investments valued by equity method			
Adjustments relating to the Undistributed Earnings of Affiliates	Note 4	(1.453.937)	(1.706.141)
Adjustments relating to Tax Expenses/Incomes	Note 40	(230.834)	(535.367)
Adjustments relating to Incomes from government promotion		(1.772.304)	(841.318)
Other Adjustments relating to Profit/Loss Reconciliation		(891)	-
Changes Realized in Operating Capital		(1.175.978)	(10.381.106)
Adjustments relating to Decrease (Increase) in Trade Receivables		-	-
Decrease (Increase) in Trade Receivables from Related Parties		5.689.661	(1.455.124)
Decrease (Increase) in Trade Receivables from Non-Related Parties		(843.805)	(550.584)
Decrease (Increase) in Receivables from Financial Activities		-	-
Adjustments relating to Decrease (Increase) in Other Receivables relating to Activities		-	-
Decrease (Increase) in Other Receivables from Related Parties relating to Activities		(1.872.273)	-
Decrease (Increase) in Other Receivables from Non-Related Parties relating to Activities		(56.730)	112.393
Adjustments relating to Decrease (Increase) in Inventories		(9.518.368)	(2.477.502)
Decrease (Increase) in Biological Assets		-	-
Decrease (Increase) in Prepaid Expenses		(3.032.228)	40.225
Adjustments relating to Increase (Decrease) in Trade Payables		-	-
Increase (Decrease) in Trade Payables to Related Parties		2.773.396	(672.489)
Increase (Decrease) in Trade Payables to Non-Related Parties		2.561.002	(5.017.281)
Increase (Decrease) in Payables from Financial Activities			
Increase (Decrease) in Payables under Benefits to Employees		589.096	(160.587)
Adjustments relating to Increase (Decrease) in Other Payables relating to Activities		-	-
Increase (Decrease) in Other Payables to Related Parties relating to Activities		-	-
Increase (Decrease) in Other Payables to Non-Related Parties relating to Activities		996.329	(64.808)
Increase (Decrease) in Deferred Income		(1.696.314)	(1.660.998)
Decrease (Increase) in Other Assets relating to Activities		3.234.256	1.525.649
Cash Flows from Operations		(13.609,784)	(12,805,176)
Tax Payments/Tax Rebates		(439)	(199,305)
Cash Flows from Operating Activities		(13,610,223)	(13,004,481)
Cash Inflows relating to Sales, which don't cause the loss of Subsidiaries' control		21.164	(5)
Cash Inflow arising from Sale of Tangible and Intangible Fixed Assets		40.724	13.163
Cash Outflow arising from Purchase of Tangible and Intangible Fixed Assets		(4.736,996)	(3,246,808)
Cash Flows from Investment Operations		(4,675,108)	(3,233,650)
C. CASH FLOWS ARISING FROM FINANCIAL OPERATIONS			
Cash Inflow arising from Borrowings		25,943,384	17,511,188
Interest Paid		(1,840,789)	(1,746,632)
Cash Flows from Financial Operations		24,102,595	15,764,556
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		5,817,264	(473,575)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	Note 47/b	967,959	1,441,534
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	Note 47/b	6,785,223	967,959

**DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ INDEPENDENTLY AUDITED
STATEMENT OF CHANGES IN EQUITY PERTAINING
TO THE PERIOD ENDING ON 31ST DECEMBER 2016**

	Note References	Paid in Capital	Distinction from Share Capital Adjustment	Accumulated Other Comprehensive Incomes and Expenses not to be Reclassified in Profit or Loss		Reserves on Retained Earnings	Retained Earnings		Shareholders' Equity
				Revaluation and Measurement Earnings / Losses	Actuarial (Loss) / Earnings from Benefits to Employees		Accumulated Profit/Loss	Net Income / Loss for the Period	
PREVIOUS PERIOD									
Balances as of 1st January 2015		49.221.970	5.500.255	9.023.029	(437.062)	952.952	(918.883)	4.761.153	68.103.414
Transfers		-	-	-	-	7.471	4.753.682	(4.761.153)	-
Total Comprehensive Income	30,38	-	-	(171.272)	(293.670)	-	-	(4.098.059)	(4.563.001)
Balances as of 31st December 2015	30	49.221.970	5.500.255	8.851.757	(730.732)	960.423	3.834.799	(4.098.059)	63.540.413
CURRENT PERIOD									
Balances as of 1st January 2016		49.221.970	5.500.255	8.851.757	(730.732)	960.423	3.834.799	-	63.540.413
Transfers		-	-	-	-	-	(4.098.059)	-	-
Total Comprehensive Income	30,38	-	-	(171.272)	(387.162)	-	-	4.098.059	(13.858.554)
Balances as of 31st December 2016	30	49.221.970	5.500.255	8.680.485	(1.117.894)	960.423	(263.260)	(13.300.120)	49.681.859

NOTE 1- COMPANY'S ORGANIZATION AND SUBJECT OF ACTIVITY

1.1. Subject of Activity

Desa Deri Sanayi ve Ticaret A.Ş. ("Company") has been established in January 29, 1982 and engages in manufacturing, sales, import and export of leather ready-to-wear, bags, shoes and all variety of leather craft products.

The Company's registered office is located in Haikali Cad. No: 208 Sefaköy- Küçükçekmece / Istanbul. The Company has also a branch operating in Tuzla Free Zone. Additionally, the Company has three factories, one of which is located at the address of its registered office and the others in Ergene and Düzce at the following addresses:

Ergene Factory: Sağlık Mahallesi Kuzey Caddesi No: 14-24 Ergene / Tekirdağ

Düzce Factory: Organize Sanayi Bölgesi 9. Ada 4-5 Parsel Beyköy / Düzce

The Company's contact information is as follows.

Tel : 0090 212 473 18 00

Fax : 0090 212 698 98 12

Web : www.desa.com.tr

Company's stocks have been offered to the public on April 29-30, 2004 and 34.92 % thereof are traded at the Istanbul Stock Exchange ("BIST") as of December 31, 2016.

The Company has 1 496 employees as of December 31, 2016. (December 31, 2015 - 1 712 employees)

1.2. Capital Structure

The Company has shifted to registered capital system in 2007 and its registered authorized stock amounts to TL 150 000 000. Its paid capital is TL 49 221 970 as of December 31, 2016 (December 31, 2015: TL 49 221 970) and has been divided into 4 922 196 986 (December 31, 2015: 4 922 196 986) stocks each of which has a nominal value of 1 Kr.

Issued and paid in capital amounts as of December 31, 2016 and December 31, 2015 are as follows at their book value:

Name Surname/Title	31st December 2016		31st December 2015	
	Share Percentage	Share Amount	Share Percentage	Share Amount
Çelet Holding A.Ş.	54,28%	26.717.682	54,28%	26.717.682
Melih Çelet	10,00%	4.922.197	10,00%	4.922.197
Free float (*)	34,92%	17.188.312	34,92%	17.188.312
Other	0,80%	393.779	0,80%	393.779
Total	100%	49.221.970	100%	49.221.970

(*)The share with a nominal value of TL 4 129 566 representing 8.39% of the share capital in the free float belongs to Çelet Holding A.Ş. and the share with a nominal value of TL 3 749 151 representing 7.61% belongs to Melih Çelet. (See Note 30/b)

1.3. Affiliates and Subsidiaries

Titles, subjects of activity and headquarters of the Company's affiliates and subsidiaries are as follows.

	Scope of Activity	Location	31st December 2016 Participation Rate %	31st December 2015 Participation Rate %
Affiliate				
Marfar Deri San.ve Tic.Ltd.Şti	Textile	Istanbul-Turkey	50%	50%
Samsonite Seyahat Ür. A.Ş.	Textile	Istanbul-Turkey	40%	40%
Subsidiary				
Leather Fashion Limited	Textile	Moscow-Russia	100%	100%
Seoesa Deri San. ve Tic. Ltd. Şti	Textile	Istanbul-Turkey	-	99%
Desa International Ltd.	Textile	London-England	100%	100%
Desa SMS Ltd.	Textile	London-England	100%	100%
Desa International (UK) Ltd.	Textile	London-England	100%	100%
Desa Deutschland GmbH	Textile	Düsseldorf-Germany	100%	100%

Information on total assets and revenues of the Company's affiliates and subsidiaries as well as the period thereof which are obtained as of the report date are as follows.

Title of Subsidiary and Affiliated Company	Total Assets	Revenue
	Marfar Deri San. ve Tic. Ltd. Şti.	TL 5.000
Samsonite Seyahat Ür. A.Ş.	TL 20.786.564	TL 50.018.845
Desa International Ltd.	GBP 3.133	-
Desa SMS Ltd.	GBP 160.041	-
Desa International (UK) Ltd.	GBP 4.913	-
Desa Deutschland GmbH	EURO85.475	EURO 109.243

As it is seen from the table above, total assets and revenues of the Company's affiliates and subsidiaries apart from Samsonite Seyahat Ürünleri A.Ş. as of December 31, 2016 are negligible. Therefore, financial statements of these affiliates and subsidiaries have not been subjected to consolidation with the Company's financial statements of the same term.

Financial statements dated December 31, 2016 of Samsonite Seyahat Ürünleri A.Ş., which is one of the affiliates of the Company, have been consolidated with the Company's financial statements of the same term through equity method. Other affiliates and subsidiaries are entered into the financial statements at their cost values pursuant to the article 46 of TAS 39. (Note 4)

1.4. Approval of Financial Statements

The Company's financial statements have been approved on March 01, 2017 by the Board of Directors. General Board and certain regulatory boards are entitled to change financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Preparation Rules of Financial Statements and Certain Accounting Policies

The Company keeps its accounting records in accordance with the Turkish Commercial Code and tax legislation and prepares its financial statements presented to the Capital Markets Board ("the CMB") in the format determined by the Capital Markets Board.

Under the Capital Markets Board's ("the CMB") "Communiqué Serial II, No.14.1 on Principles of Financial Reporting in Capital Markets" ("the Communiqué Serial: II, No: 14.2") published in the Official Gazette issue no 28676 dated June 13, 2013, the financial reports to be drawn up by the entities as well as the principles, the procedures and the rules regarding the preparation thereof are designated. According to the Article 5.2 of the said Communiqué, the Board is entitled to make decisions under the Article 14 of the Law as and when it deems necessary for the purpose of rendering the financial Reporting principles, procedures and rules clear and understandable or ensuring the uniformity in implementation thereof. The entities are obliged to observe these decisions as well. The Capital Markets Board has put financial statements and note forms, which it has prepared for the incorporated companies of which the capital market instruments included in the scope of the Communiqué on Principles of Financial Reporting in Capital Markets are traded in any stock exchange as well as for the capital market entities excluding investment funds, housing finance and asset finance funds, into effect as being valid as from the interim periods ending on March 31, 2013 under the Board Decision no: 20/670 dated June 07, 2013.

The attached financial statements have been prepared in accordance with the provisions of the CMB's Communiqué Serial: II, No: 14.2 and presented in accordance with the formats of which the implementation has been required by the CMB with the announcement dated June 7, 2013.

2.2. Declaration of Conformity to TAS / TFRS

The attached financial statements have been prepared and submitted in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority pursuant to the Article 5.1 of the CMB's Communiqué Serial: II, No:14.2.

2.3. Amendments in Accounting Policies

Accounting policy amendments arising from the first time adoption of a new TAS/TFRS are applied retrospectively or prospectively in accordance with the transition provisions of the said TAS/TFRS, if any. The amendments not including any transition provisions, important amendments made in the accounting policy optionally or detected accounting errors are applied retrospectively and the financial statements of the previous term are restated.

2.4. Amendments and Errors in Accounting Estimates

If the amendments in accounting estimates are related with one single period only, they are applied in the current period in which the amendment is made or if they are related with the future periods, they are applied both in the period in which the amendment is made and prospectively as well.

If errors are detected before the financial statements are approved, they are corrected in the current period via a correction record to be entered. If the error has been detected later, the financial statements have to be restated retrospectively.

No amendment has been made in estimates used by the Company in the current period.

2.5. Presentation Currency:

All financial statements are expressed in TL which is the functional currency as well as the presentation currency for the financial statements and all financial information has been shown by being rounded to the nearest amount in TL. Assets and liabilities in foreign currency presented in financial statements have been translated to TL which is the presentation currency at exchange rates announced by the Central Bank of The Republic of Turkey. The exchange rates announced by the Central Bank are as follows:

Foreign Currency	31st December 2016	31st December 2015
USD	3,5192	2,9076
EUR	3,7099	3,1776

2.6. Comparative Information and Restatement of Financial Statements of Previous Period

Current period financial statements of the Company are prepared by comparing thereof with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified, when necessary, in order to ensure conformity with the presentation of the current period financial statements and the significant changes are explained. In this context, the Company's financial statements dated December 31, 2016 and the notes related thereto have been prepared and presented comparatively with the previous period financial statements and notes.

Classification in Comprehensive Income Statement dated December 31, 2015

Due to the maturity adjustment, TL 1.278.234 reported under "Revenues" in Comprehensive Income Statement dated December 31, 2015 has been classified in "Finance Incomes" account and TL 3.982.713 reported under "Cost of Goods Sold" has been classified in "Finance Expenses" account. As a result of these classifications, no change has taken place in the Company's equity.

	Previous Amount	Classification	Current Amount
Revenue	197.842.322	-1.278.234	196.564.088
Cost of Goods Sold	124.592.982	-3.982.713	120.610.269
Other Operating Incomes	11.354.707	1.278.234	12.632.941
Other Operating Expenses	3.837.121	3.982.713	7.819.834

2.7. New and Revised Turkish Accounting Standards

a) There is no TAS amendment affecting the amounts reported in Financial Statements and the notes thereof

b) Standards effective as from 2016 not affecting the Company's financial statements, amendments and interpretations made in existing standards

TAS 16 and TAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization ¹
TAS 16 and TAS 41 (Amendments) as well as TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments)	Agricultural Activities: Bearer Plants ¹
TFRS 11 and TFRS 1 (Amendments)	Accounting for Acquisition of Interests in Joint Operations ¹
Annual Improvements for 2011-2013 Cycle	TFRS 1 ²
TAS 1 (Amendments)	Disclosure Provisions ²
Annual Improvements for 2012-2014 Cycle	TFRS 5, TFRS 7, TAS 34, TAS 19 ²
TAS 27 (Amendments)	Equity Method in Separate Financial Statements ²
TFRS 10 and TAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture ²
TFRS 10, TFRS 12 and TAS 28 (Amendments)	Investment Entities: Application of consolidation exemption ²
TFRS 14	Regulatory Deferral Accounts ²

1 Effective for the annual periods beginning on or after December 31, 2015

2 Effective for the annual periods beginning on or after January 1, 2016

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

While this amendment clarifies that a depreciation method which is based on revenue generated by an activity containing the use of an asset is not appropriate on one hand, it also asserts the opinion, which is the rebuttable presumption, stipulating that the use of a depreciation method which is based on revenue generated by an activity containing the use of an asset for the intangible assets is not appropriate in limited circumstances where the intangible asset is expressed as a measure of revenue or it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated. This amendment also contains explanations addressing that expected future reductions in selling price of an item produced by using an asset could refer to the expectation regarding technological or commercial obsolescence of an asset and then, could be indicative of reduction in the future economic benefits embodied in the said asset.

TAS 16 and TAS 41 (Amendments) as well as TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments) Agricultural Activities: Bearer Plants

This standard stipulates handling of "bearer plants" within the scope of TAS 16, instead of TAS 41, in a manner enabling the measurement of the same at cost subsequent to initial recognition or at revaluation under classification of tangible assets. In this standard, "bearer plant" is defined as a living plant that is used in the production or supply of agricultural produce, expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. This standard also clarifies that produce growing on bearer plants continues to be accounted for under IAS 41.

These amendments to TAS 16 and TAS 41 have caused changes also in relevant sections of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively

TFRS 11 and TFRS 1 (Amendments) Accounting for Acquisition of Interests in Joint Operations

This standards stipulates that the acquirer of an interest in a joint operation, in which the activity constitutes a business, is required to

- apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs with the exception of those principles that conflict with the guidance in TFRS 11 and,
- disclose the information required to be disclosed in connection with business combinations pursuant to TFRS 3 and other TFRSs.

The amendment to TFRS 11 has caused changes also in relevant sections of TFRS 1.

Annual Improvements for 2011-2013 Cycle

TFRS 1: This amendment clarifies which versions of TASs should be applied in entity's first-time adoption of TAS.

TAS 1 (Amendments) Disclosure Provisions

These amendments include narrow scope improvements in perceived impediments in connection with presentation of financial statements by the preparers.

Annual Improvements for 2012-2014 Cycle

TFRS 5: Provides additional clarifications regarding the circumstances in which an asset is reclassified from held for sale to held for distribution to the shareholders or vice versa and the circumstances in which the classification of an asset as held for distribution to the shareholders ceases.

TFRS 7: Provides additional information in order to clarify whether a servicing agreement represents continuing involvement in the transferred asset and netting transactions in disclosures of interim financial statements.

TAS 34: Clarifies the disclosure of information "elsewhere in the interim financial report"
Annual Improvements for 2012-2014 Cycle has caused changes also in relevant sections of TAS 19.

TAS 27 (Amendments) Equity Method in Separate Financial Statements

This amendment allows the option to use of equity method in recognition of investments in subsidiaries and joint ventures in entities' spate financial statements.

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

This amendment clarifies that the full gain or loss resulting from sale or contribution of assets between an investor and its affiliate or joint venture must be recognized by the investor.

TFRS 10, TFRS 12 and TAS 28 (Amendments) Investment Entities: Application of consolidation exemption

This amendment clarifies the issues arisen in the context of applying the consolidation exception for investment entities as follows:

- The exemption from preparing consolidated financial statements for the parent company is available to the parent company which is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value
 - A subsidiary providing services related to the parent's investment activities should not be consolidated, if the subsidiary itself is an investment entity.
 - When applying the equity method to an affiliate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the affiliate or joint venture to its interests in subsidiaries.
 - An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities as required by TFRS 12.
- c) Standards not effective yet as well as amendments and interpretations to previous existing standards

TFRS 14 Regulatory Deferral Accounts

Pursuant to TFRS 14 Regulatory Deferral Accounts, an entity which is a first-time adopter of Turkish Financial Reporting Standards is permitted to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous generally accepted accounting principles, both on its initial adoption of TFRS and in the subsequent financial statements.

TFRS 14 has caused changes also in relevant sections of TFRS¹

The Company has not applied the following standards not effective yet as well as following amendments and interpretations to the previous existing standard:

- TFRS 9 Financial Instruments¹
TFRS 15 Revenue from Contracts with Customers¹

¹ Effective for the annual periods beginning on or after January 1, 2018.

TFRS 9 Financial Instruments

TFRS 9 published by the Public Oversight Authority ("POA") on 2010 imposed new obligations regarding classification and measurement of the financial assets. The amendment to TFRS 9 made on 2011 contains changes regarding classification and measurement as well as derecognition of financial liabilities.

Revised version of TFRS 9 published by the POA in January 2017 contains limited changes made in a) requirements regarding decrease in value of financial assets and b) financial liabilities of which the fair value difference is reflected in other comprehensive income statement as well as published classification and measurement requirements.

TFRS 9 is applied for the annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted on condition that first implementation should take place prior to February 1, 2015.

TFRS 15 Revenue from Contracts with Customers

The new five-step model in TFRS 15 clarifies the requirements with respect to recognition and measurement of the revenue. The five steps in the model are as follows:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of the revenue when the Company satisfies a performance obligation.

The Company is in the process of assessing the possible impacts of the said standards, amendments and improvements on its financial position and performance.

2.8 Summary of Significant Accounting Policies

a) Revenue

Sales of goods

The revenues are recognized at the fair value of consideration received or receivable on an accrual basis when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction shall flow to the Company. Net sales have been determined by deducting the returns and the sales discounts from the sales of goods.

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

Services

Service revenues and other revenues are recognized at the fair value of consideration received or receivable on an accrual basis when the service is provided or the factors related with the revenue takes place, the risks and the rewards are transferred, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction shall flow to the Company.

The revenues are measured at the fair value of consideration received or receivable and reduced by estimated customer returns, discount and other similar provisions.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income: The rental income from investment properties are recognized during the term of the rent agreement based on straight-line method.

b) Inventories

Inventories are evaluated with the ratio less than net realizable value of cost charge. Considerations consisting the cost included to inventories are workmanship and general production expenses. Cost is calculated via weighted average method. Net realizable value is the value once estimated sales cost required for fulfillment of sales are deducted and estimated sales completion cost is deducted from the estimated sales price emerged within the usual trade activity. When the inventories drop below the net realizable value cost, the inventories are reduced to the net realizable value cost and reflected to the income statement as outcome in the year when impairment occurs. Losing validity of the conditions previously caused inventories to be reduced to net realizable value or when there are increases in the net realizable value due to changing economic conditions, reserved impairment provision is cancelled. The cancelled amount is limited to previously reserved impairment. (Note 10)

c) Investment Properties

Investment properties are held either in order to earn rentals or for capital appreciation or for both. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, the Company measures all investment properties in accordance with the cost method applied for tangible assets (i.e. cost less accumulated depreciation and less impairment losses, if any). Investment properties are derecognized when either they have been disposed of or permanently withdrawn from use or no future economic benefit is expected from its disposal. Profits/losses on the retirement or disposal of investment properties are recognized in statement of income in the period of retirement or disposal. The properties leased within the scope of operating lease are classified as investment properties.

d) Tangible Assets

Tangible assets are shown in the financial statements over their net values remaining after deduction of accumulated amortizations from their registered values. Amortization is calculated via linear amortization method by applying pro rate principle over the useful life of the tangible asset.

Useful lives based on the amortization calculation and applied amortization ratios are as follows

Type of Tangible Asset	Useful Life (Year)	Amortization Ratio
Buildings	40	%2,5
Machinery & Equipment	5 - 20	%5 - %20
Fixtures	5 - 15	%5 - %20
Transport Vehicles	5 - 10	%5 - %20
Leasehold Improvements	5 - 10	%20 - %10

Tangible assets are examined for the purpose of detecting possible impairment and as a result of this examination, if the registered value of the tangible asset is greater than the recoverable value, registered value is reduced to the recoverable value by separating mutually. The recoverable value is accepted as the higher one than the net sales price with the cash flows that will come from the related tangible asset's current usage. (Note 14)

e) Intangible Assets

Intangible assets, acquired information systems contain franchise rights, computer software and development costs. Intangible assets are recorded over the acquisition cost and subjected to amortization via linear amortization method over their estimated useful lives for a period not more than 15 years after the date they are acquired. Amortizations for the brands is not reserved since they have unlimited lives. In the event of impairment, registered value of the intangible assets is brought to its recoverable value. (Note 17)

f) Financial Instruments

Financial assets, consist of cash and cash equivalents, trade receivable, financial investments, other receivables, derivative financial assets receivables from related parties. Financial payables and trade payables consist of payables to the related parties, derivative financial payables and other payables.

Financial assets and liabilities are contained in the Company's balance sheet in case the Company becomes party concerning the said financial instruments. If a financial instrument leads cash outflow, any asset output or another financial instrument output on a part of the Company, this financial instrument is classified as financial liability. Financial instrument can be defined as a capital instrument unless it contains the following conditions.

- Unless it carries a liability based on an agreement foreseeing to give cash or another financial asset to another business or a liability based on an agreement foreseeing to change the financial assets of the business with another business in favor of the business and mutually,
- In the event that financial instrument accrues or is to be accrued via Company's capital instruments, in the event that there are derivative financial instruments containing the Company's change of capital instrument at a fixed amount of change of cash at a fixed amount.

Financial Assets

Cash and Cash Equivalents

Cash expresses the cash and drawing account in the business; cash equivalent expresses funds and investments with a minor change risk in its value and having short term and high liquidity of which amount is easily convertible in to cash (undated check, deposit with less than 3 months due, other short term investments with high liquidity having less than 3 months due). (Note 47/b)

Active Interest Method

It is the evaluation of the financial asset with acquired cost and method of related interest income's distribution to the related period. Active interest rate, is the rate reducing the estimated cash payments to be made in the future during a shorter time period exactly to the present net value of the related financial asset during the expected life of the financial instrument of in the event of its being appropriate.

Fair value difference, financial assets classified apart from the financial assets reflected to profit or loss and related incomes are calculated by using active interest method.

Financial Assets Reflected to Profit or Loss with Fair Value Difference

Financial assets reflected to profit or loss with fair value difference shall not be acquired and held for purchasing-sales purpose and are the financial assets recognized in this category during the first recognition. When a financial asset is acquired for the purpose of being removed in a short term or when it is considered that more accurate accounting indication will be provided during the first recognition, it is classified in the said category. Financial assets constituting derivative products not determined as an effective protecting instrument against a financial risk are also classified as financial assets reflected to the profit or loss with fair value difference. Gain or loss, profit / loss occurred as a result of evaluation of financial assets reflected to the profit or loss with fair value difference are also recognized. Net gains or losses recognized within profit / loss covers interest and / or dividend amount obtained from the said financial asset.

The Company has no financial assets reflected to the profit or loss with fair value difference. (December 31, 2015: None.)

Held-to-Maturity Investments

Fixed term policies and bonds with a fixed or pre-definable payment plan that the Company has holding to maturity authorization and intent are classified as held-to-maturity investments. Held-to-maturity investments are recorded by deducting impairment value from the acquired cost charge according to active interest method and the related incomes are calculated by using active interest method.

Available-for-Sale Financial Assets

Available-for-sale financial assets consist of held-to-maturity financial assets, financial assets reflected to profit or loss with fair value difference or financial assets which cannot be classified as credit and receivable. Once the available-for-sale financial assets are recorded, they are evaluated with their fair values on the condition of being measured in a reliable way. Stock and shares of which fair value cannot be measure in a reliable way and not having active market are not shown with cost value. Profits and losses concerning the available-for-sale financial assets are given on the income statement of the related period. Amendments occurred in the fair value of such assets are shown within the equity accounts. Removal of the related asset or in the event of impairment, the amount in the equity accounts are transferred to the income statement as profit / loss. Impairment due to investments towards equity instruments classified as available-for-sale financial assets and recognized on the income statement shall not be canceled from the income statement in the later periods. Excluding the equity instruments classified as available-for-sale financial assets, if the impairment decreases in the later period and the decrease can be associated with an event occurred after the recognition of impairment, the pre-recognized impairment loss can be canceled on the income statement.

Dividends related to available-for-sale equity instruments can be recognized within profit / loss when the Company deserves the right to obtain the related payments. Fair value of the financial assets available-for-sale in foreign currency are found by converting fair value in the related foreign currency into the reported currency by using the conversion currency valid on the reporting date of the fair value. Amendments of the fair value of the assets due to conversion currency are recognized with profit/loss and other amendments within other comprehensive income.

Trade and Other Receivables

Trade receivables denote the receivables from the customers against trade goods or services within the frame of main operations. Short term trade receivables of which interest rate are not determined are shown over original invoice values unless interest accrue impact is sizable. If interest accrue impact is sizable, it is shown by deducting net realizable values discounted with active interest rate from possible doubtful receivable provisions.

In the detection of net realizable value, "TRLIBOR" in domestic in advance sales and "LIBOR" in foreign sales are based on as active interest rate.

Impairment in Financial Assets

Fair value difference in financial assets or financial assets groups excluding the financial assets which are reflected to the profit or loss is subjected to evaluation whether there are indicators regarding that they are exposed to impairment on each balance sheet date. If one or more event occurs once the financial asset is recognized for the first time and as a result of negative impact of related financial asset or asset group on future cash flows that can be estimated reliably, impairment loss occurs in the event that there is an objective indicator concerning that related financial asset exposed to impairment. Impairment amount for credits and receivables is the difference between the future expected estimated cash flows' current valued calculated by being discounted over the active interest rate of the financial asset and book value. Provisions of the doubtful receivables are separated by taking the amount of uncollected receivables amount, securities received against them, past year experiences and economic conditions of the Company Management into consideration. Following the separation against doubtful receivable amount, in the event that whole or a part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and recorded to other operation incomes. Receivable not to be collected are recorded as loss in the year when it is understood that they cannot be collected.

Financial Liabilities

Financial payables including interest are recognized once operation costs that can be associated directly from the fair value of the first received charge and discounts and premiums during the repayment are taken into considerations. After the first recognition, the said payables are measured from the paid off cost calculated with active interest method, gains and losses occurred during the pay-off are recognized on the profit or loss statement.

Incomes or expenses occurred during the accrual or recording of liabilities are associated with the profit or loss statement.

Bank loans

All bank loans are recorded with the cost charge considered to reflect current values during the first record and including issue cost. After the first recording, the credits are shown with their net values reduced with active interest ratio method. While calculating the reduced value, costs between two issues and discounts during the repayment and premiums are taken into consideration.

Trade payables

Trade payables are contained in the records with the reduced cost charge representing the current value of the invoiced or non-invoiced amount that may arise in the future related to receiving of goods and services.

Derivative Financial Instruments

The Company enters into derivative financial instrument agreements for the purpose of reducing the foreign currency position risk due to long term borrowings and reducing the interest risk. The said derivative financial instruments are recorded over the fair value on the date derivative agreement is signed and evaluated over the fair value in the later reporting periods. Derivative financial instruments are recorded as asset in the event that its fair value difference is positive and liability in the event of its being negative. According to hedge accounting, losses and gains of the non-recognized derivate financial instruments accrued within the year are reflected to the profit and loss statement.

Fair value of the interest swap agreements the Company has entered are determined by using the evaluation methods based on the data observable in the market. Within the scope of hedging accounting, derivative operation performed to be hedged from cash flow amendments that can be associated with a certain risk concerning a non-recognized company commitment carrying foreign currency risk or having an operation with a high realization possibility or a non-recognized asset or liability, are classified as hedge financial instrument. At the beginning of the hedging operation, the risk management target and strategy are defined causing business hedging operation and documents hedging relation. The mentioned documentation contains the determination of hedging instrument, hedging asset of operation, structure of the hedged financial risk and amendments in the asset's fair value or cash flows and those can be associated with the hedged financial risk will be evaluated. The hedging operation is expected to be highly effective in balancing the amendments in the fair value that can be associated with the hedged risk or cash flows. Hedging operation is evaluated for its continuous effectiveness during the all financial reporting periods in which it is defined and expected to be in consistent with the documented risk management strategy.

Hedging from Cash Flow Risk

Hedging from cash flow risks according to the hedge accounting rules are recognized as follows. Losses and gains obtained from the active part of the hedging instrument are reflected on the comprehensive income statement, while inactive part is included in the financial incomes and financial expenses in the loss or profit statement. The amount belonging to the hedging operation classified on the comprehensive income statement is referred to the profit or loss statement in the event of recording of hedged financial income or outcome or fulfillment of the foreseen sales. In case when fulfillment of the estimated operation or definite commitment is not foreseen, the amount previously taken to the records on the comprehensive income statement is not referred to the profit or loss statement. Expiry, sales, ceasing, termination or implementation of hedging instruments without being transferred to another company or being replaced; total income or expense recognized as other comprehensive income previously is maintained to be recognized in the other comprehensive income until the foreseen operation or company commitment.

Capital Instruments

Capital instruments issued by the Company are recorded once the direct issuance expenses are deducted.

g) Related Parties

In line with the main purpose of financial statements, companies controlled by the shareholders, top executive management and members of Board of Directors, their families and themselves and their affiliated companies, subsidiaries and partnerships have been accepted and expressed as related parties.

h) Provisions, Contingent Assets and Liabilities

Provisions are recognized in the event that there is a legal or structural liability due to present or past as from the Company's balance sheet date, that there is a possibility of accrual of resource output providing economic benefit for the fulfillment of the liability and that a reliable estimate can be made on the liability amount.

Assets and liabilities that are possible to be confirmed with whether one or more future events accrual is not definite of which availability is not under fully control of the business and due to past events are not included in the financial statements. Such assets and liabilities are described in the notes as "contingent liabilities and assets" (Note 25)

i) Employee Benefits

Seniority indemnity provisions are defined as the estimated present value of total liabilities which may arise in future due to retirement of an employee after completing at least one year of service for, employee's disengagement from the work by the company, being called for military service or in the event of employee's death pursuant to Turkish Labor Act. (Note 25/c)

j) Leases

Financial Leases: Assets acquired under finance lease agreements are capitalized at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease. Interest element is charged as expense to the statement of income during the lease period. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operational Leases: Lease agreements where the lessor holds Good's all risks and benefits are called as operational lease. The Company becomes a party to the operational lease transactions both in the capacity of lessor and lessee. Rent amounts paid due to operational leases made in the capacity of lessee are recorded as expense according to the normal method during the lease period. Rent incomes collected in the capacity of lessor are recorded as income during the lease period.

k) Foreign Exchange Procedures

Foreign exchange procedures accrued within the period have been converted over the foreign exchange rates valid on the procedure dates. Monetary assets and liabilities based on foreign exchange have been converted over foreign exchange rates valid on balance sheet date. Exchange gains or losses due to conversions of monetary assets and liabilities based on foreign exchange have been reflected as income or outcome to the income statement.

l) Tax Assets and Liabilities

Tax Liability consists of total of current year tax and deferred taxes.

Current Year Tax: The current year tax is calculated over the period profit's portion subjected to the tax. Tax subjected profit can be taxed in other years or due to its excluding the items that can be deducted from the tax or that are impossible to be deducted from the tax, it differs from the profit located in the income statement. The Company's current tax liability has become legal as from balance sheet date or calculated by using tax ratio significantly become legal.

Deferred Tax: Deferred tax is calculated on all temporary differences arising between tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred tax at the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The said assets and liabilities shall not be recognized, if they are caused by provisional difference, goodwill or other assets and liabilities taken into the financial statements for the first time (apart from business combinations) regarding the transaction not affecting the commercial or financial gains/losses.

Registered value of the deferred tax asset is revised as of each balance sheet date. Registered value of the deferred tax asset is decreased to the extent that it is impossible to obtain financial profit at the level enabling obtaining the benefit to be provided by the whole or a part of it.

Deferred tax assets and liabilities are set off in the event that there is a legal right to set off current tax liabilities via current tax assets or the said assets and liabilities being associated with the total income tax by the same tax authority or that the Company intends to pay in order to clarify its current tax assets and liabilities.

Period Current and Deferred Tax: Current tax and deferred tax excluding the items recognized as direct receivable from the equity or as debt (in this case deferred tax concerning the related items are also recognized directly from the equity) or those due to first recording of the business combinations) are recognized as income or expense on the income statement. (Note 40)

m) Profit / Loss per Share

Profit/loss per share is detected by dividing the net profit/loss contained in the income statement by the weighted average quantity of the existing shares within the related period. The companies in the Turkey can increase their capitals by distributing the shares at the amount of their shares for the profits accumulated to the existing shareholders and from the account of equity inflation correction differences ("non-par shares"). While calculating gains/losses per stock, this non-par share is deemed as issue removed share. Therefore, weighted average quantity used in the calculation of gains/losses per stock is obtained by implementing the removal of non-par shares retrospectively.

n) Materials Events after the Balance Sheet Date

The events after the balance sheet date cover all events between the authorization date for the balance sheet date and spread of balance sheet even if they are emerged after the declaration of other selected financial information or any announcement concerning the decision to the public. The Company corrects the amounts taken into these financial statements according to this new situation in the event of occurrence of events requiring corrections after the balance sheet date.

o) Cash Flow Statement

In the cash flow statement, cash flows concerning the period are reported by being classified based on the main, investment and finance operations. Cash and cash equivalent items on the cash flow statement contain stock exchanges with 3 months or less term with cash and bank deposit.

p) Clarification

Financial assets and liabilities are shown clearly in cases when there is an intent of evaluating the said assets and liabilities clearly or fulfillment and obtaining of assets are simultaneous.

NOTE 3 - BUSINESS MERGERS

None. (December 31, 2015: None)

NOTE 4 - SHARES IN OTHER ENTITIES

a) Financial Investments

All of the financial investments are financial assets ready-to-sell and consist of securities not traded at stock exchange. Since Desa International Limited and Leather Fashion Limited companies having the nature of subsidiary as of December 31, 2016 and which are not consolidated due to their negligible revenues have lost their equities, they have been registered under the Financial Investments account by calculating impairment value at the same amount included in the total assets.

	31st December 2016	31st December 2015
Equity Security	38	38
GSD Holding A.Ş.	38	38
Affiliates	10.000	10.000
Marfar Deri San. ve Tic. Ltd. Şti.	40.000	40.000
Associations Capital Subscription (-)	(30.000)	(30.000)
Subsidiaries	7.654.278	7.675.442
Leather Fashion Limited	6.871	6.871
Provisions for losses of Leather Fashion Limited (-)	(6.871)	(6.871)
Sedesa Deri San. ve Tic. Ltd. Şti.	(*) -	21.164
Desa International Ltd.	3.100.203	3.100.203
Provisions for losses of Desa International Ltd (-)	(3.100.203)	(3.100.203)
Desa SMS Ltd	4.689.823	4.689.823
Desa International (UK) Ltd.	2.891.695	2.891.695
Desa Deutschland GMBH	72.760	72.760
Total	7.664.316	7.685.480

(*) Desa Deri has sold its interest of TL 19.800 consisting of 198 shares and its interest of TL 200 consisting of 2 shares in Sedesa Deri Sanayi ve Dış Ticaret Ltd. to Onur Crızoğlu under the Limited Company Share Transfer Agreement dated October 7, 2016.

b) Investments valued by equity method are as follows:

As of December 31, 2016;

	Location	Share Percentage	Value at Cost	Parent company Profit/Loss share	Parent company retained and outstanding profit /loss share	Net Value
Samsonite Sey. Ürünleri A.Ş.	Turkey	%39,99	1.539.980	1.453.937	3.851.470	6.845.387

Capital amount of Samsonite Seyahat Ürünleri San. ve Tic. A.Ş., affiliate of which financial statements are consolidated by the Company by the equity method is TL 3.850.000 while participation value of the company is TL 1.539.980. Balance sheet value of the affiliate valued by the equity method is TL 6.845.387.

As of December 31, 2015;

	Location	Share Percentage	Value at Cost	Parent company Profit/Loss share	Parent company retained and outstanding profit /loss share	Net Value
Samsonite Sey. Ürünleri A.Ş.	Turkey	%39,99	1.539.980	1.706.141	2.145.329	5.391.450

Capital amount of Samsonite Seyahat Ürünleri San. ve Tic. A.Ş., affiliate of which financial statements are consolidated by the company by the equity method is TL 3.850.000 while participation value of the company is TL 1.539.980. Balance sheet value of the affiliate valued by the equity method is TL 5.391.450.

Summary financial information of Samsonite Seyahat Ürünleri San. ve Tic. A.Ş. are as follows:

Samsonite Seyahat Ürünleri A.Ş.	31st December 2016	31st December 2015
Total assets	20.786.564	22.303.128
Total liabilities	(3.672.874)	(8.824.328)
Net assets	17.113.690	13.478.800
Net profit / loss	3.634.890	4.265.409
Affiliate net profit/loss share (39,99%)	1.453.937	1.706.141
Profit/Loss share of investment valued by equity method	1.453.937	1.706.141

NOTE 5 – REPORTING BY SEGMENTS

Since the Company has only one main activity area and carried out its activities in Turkey, reporting has not been made by segments. (December 31, 2015 – Not available)

NOTE 6 – RELATED PARTY DISCLOSURES

a) Details of receivables from related parties are as follows:

	31st December 2016	31st December 2015
Trade receivables	813.154	6.502.815
Other receivables	1.872.273	-
Prepaid expenses	85	1.392
Total	2.685.512	6.504.207

Details of "trade receivables" from related parties are as follows:

	31st December 2016	31st December 2015
Group companies and Shareholders		
Adesa Deri	492.520	4.675.357
Çelet Holding	293.107	189.236
Burcu Çelet Özden	27.528	-
Desa Deutschland GmbH	-	1.002.170
Desa SMS	-	429.944
Serga Deri	-	126.016
Desa International UK	-	34.928
Marfar Deri	-	32.593
Yapı Çimento	-	12.571
Total	813.154	6.502.815

Trade receivables from related parties arise from sales of goods by the Company and the terms thereof ranges between 30 – 90 days approximately (December 31, 2015. Average term is 30-90 days).

Details of "other trade receivables" from related parties are as follows:

	31st December 2016	31st December 2015
Group companies and Shareholders		
Desa Deutschland GmbH	1.163.961	-
Desa SMS	436.950	-
Serga Deri	154.965	-
Desa International UK	65.019	-
Marfar Deri	33.349	-
Yapı Çimento	18.029	-
Total	(*) 1.872.273	-

(*) The respective receivables followed up under the trade receivables item in previous periods have been begun to be followed up under the other receivables item as from December 31, 2016.

Details of "prepaid expenses" from related parties are as follows:

	31st December 2016	31st December 2015
Group companies and Shareholders		
Adesa Deri	85	85
Sedesa Deri (*)	-	1.307
Total	85	1.392

(*) The Company has transferred its shares in Sedesa Deri on October 7, 2016.

b) Details of payable amounts to related parties are as follows:

	31st December 2016	31st December 2015
Trade payables	8.506.313	5.732.917
Deferred incomes from related parties	452.180	2.279.535
Total	8.958.493	8.012.452

Details of "trade payables" to related parties are as follows:

	31st December 2016	31st December 2015
Trade payables	8.506.313	5.732.917
Samsonite Seyahat Ürünleri	8.505.447	5.262.176
Sedesa Deri	-	1.384
Real person shareholders	866	866
Adesa Deri	-	468.491
Deferred incomes from related parties	452.180	2.279.535
Adesa	452.180	2.279.535
Total	8.958.493	8.012.452

c) Transactions with Related parties:

The details of sale and purchase transactions with related parties are as follows:

Group company	31st December 2016		31st December 2015	
	Purchases	Sales	Purchases	Sales
Adesa Deri	-	33.668.397	602.787	91.228.447
Samsonite Seyahat Ürünleri	13.422.626	-	12.045.290	-
Desa SMS Ltd	13.889	-	122.151	-
Desa International UK	-	15.689	-	-
Desa Deutschland	-	13.804	93.793	-
Total	13.436.515	33.697.80	12.864.021	91.228.447

d) Interest, rent and etc. received from and paid to related parties:

	31st December 2016	31st December 2015
Rents paid to Group Companies	14.316	16.552
Rents paid to shareholders	992.806	933.194
Service charges paid to Group Companies	420.169	979.454
Interest expenses paid to Group Companies	31.624	-
Other expenses	958	1.017
Total paid	1.459.873	1.930.217
Office rent received from shareholder	27.900	14.400
Service charges billed to shareholder	70.103	60.000
Interest income received from shareholder	11.986	8.286
Interest incomes collected from Group Companies	70.292	56.440
Office rent received from affiliate	1.848.042	1.144.960
Service charges billed to affiliates	3.077.878	2.625.568
Total collected	5.106.201	3.909.654

e) Benefits to Top Executives:

Total of wages and other similar benefits provided to top executives is TL 1.684.608 as of December 31, 2016 (December 31, 2015 – TL 1.640.932)

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

	31st December 2016	31st December 2015
Trade receivables from related parties	813.154	6.502.815
Trade receivables from related parties (Note 6)	813.154	6.502.815
Other trade receivables	4.656.192	3.812.387
Buyers	1.955.697	1.060.891
Notes receivables	-	36.229
Credit card receivables	2.714.182	2.736.043
Doubtful trade receivables	557.205	2.850.579
Provisions for doubtful trade receivables (-)	(557.205)	(2.850.579)
Rediscount of credit card receivables (-)	(13.687)	(20.776)
	5.469.346	10.315.202

Movement table of provision for doubtful receivables is as follows:

	31st December 2016	31st December 2015
Beginning of period	(2.850.579)	(2.855.876)
Provision allocated in the period / adjustment (+)	-	-
Provision collected in the period (-)	-	5.297
Uncollectable receivables	2.293.374	-
End of period	(557.205)	(2.850.579)

Aging of doubtful trade receivables for which a provision is reserved is as follows:

	31st December 2016	31st December 2015
Receivables overdue up to 90 days	-	-
Receivables overdue more than 90 days	-	-
Receivables overdue more than 180 days	(557.205)	(2.850.579)
End of period	(557.205)	(2.850.579)

b) Short-term trade payables

	31st December 2016	31st December 2015
Trade payables to related parties	8.506.313	5.732.917
Trade payables to related parties (Note 6)	8.506.313	5.732.917
Other trade payables	37.360.050	34.843.889
Suppliers	15.275.921	21.695.296
Cheques and notes payable	23.056.036	13.578.511
Deferred financing income (-)	(971.907)	(429.918)
Total	45.323.977	40.576.806

NOTE 8 – RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

Not available. (December 31, 2015: Not available)

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

a) Other short-term receivables

	31st December 2016	31st December 2015
Other receivables from related parties	1.872.273	-
Other receivables from related parties	1.872.273	-
Other receivables from non-related parties	129.512	77.050
Receivables from Tax Office	124.945	73.800
Receivables from Execution Office	3.250	3.250
Receivables from Tax Office	1.317	-
Total	2.001.785	77.050

b) Other long-term receivables

	31st December 2016	31st December 2015
Other receivables from non-related parties	190.174	185.906
Deposits and guarantees given	190.174	185.906
Total	190.174	185.906

c) Other short-term payables

	31st December 2016	31st December 2015
Other payables to non-related parties	3.335.650	2.373.145
Taxes and funds payable	868.110	984.743
SSI premiums payable (*)	2.442.902	1.382.213
Other liabilities	24.638	6.189
Total	3.335.650	2.373.145

(*) This item consists of SSI premiums payable for November and December 2016. The SSI premiums pertaining to November have been paid on January 2, 2017 since December 31, 2016 has coincided with Saturday.

d) Other long-term payables

The Company has other long-term payables amounting TL 33.824 as of December 31, 2016 (December 31, 2015 – Not available)

NOTE 10 – INVENTORIES

Details of inventories are as follows:

	31st December 2016	31st December 2015
Raw materials and supplies	29.736.705	30.080.951
Semi-finished goods	40.740.589	34.510.574
Finished goods	34.474.006	36.431.398
Trade goods	17.092.934	15.209.919
Other inventories	3.296.971	2.464.306
Total	125.341.205	118.697.148

Total insurance amount on inventories is TL 124.108.857 (December 31, 2015 – TL 112.690.866)

NOTE 11 – BIOLOGICAL ASSETS

Not available. (December 31, 2015: Not available.)

NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOMES

a) Details of short-term prepaid expenses are as follows:

	31st December 2016	31st December 2015
Prepaid expenses of related parties (Note 6)	85	1.392
Order advances given to related parties	85	1.392
Prepaid expenses of non-related parties	5.208.052	2.174.517
Order advances given to suppliers	(*)4.405.099	1.548.615
Work advances	435.760	470.101
Prepaid expenses for future months	684.201	654.699
Provision for doubtful receivables related to work advances (i)	(303.446)	(303.446)
Provision for doubtful receivables related to order advances given to suppliers (j)	(25.637)	(215.818)
Advances given to personnel	12.075	20.366
Total	5.208.137	2.175.909

(*) TL 2.800.000 of the respective amount is the order advance given for purchase of investment properties.

b) There are no long-term prepaid expenses available. (December 31, 2015: Not available.)

c) Details of short-term deferred incomes are as follows:

	31st December 2016	31st December 2016
Order advances received from related parties (Note 6)	452.180	2.279.535
Adesa Deri	452.180	2.279.535
Other payables to non-related parties	715.250	584.209
Order advances received	715.250	584.209
Total	1.167.430	2.863.744

NOTE 13 – INVESTMENT PROPERTIES

Not available. (December 31, 2015: Not available)

NOTE 14 – TANGIBLE FIXED ASSETS

The Company has no internally-generated tangible fixed asset

a) Movements of tangible fixed assets as of December 31, 2016 are as follows:

Cost	01.01.2016	Entry	Transfer	Exit	Valuation	31.12.2016
Lands and Parcels	4.910.000	-	-	-	-	4.910.000
Land improvements	12.703	-	-	-	-	12.703
Buildings	14.319.152	-	-	-	-	14.319.152
Machinery, Equipment	5.130.963	412.438	2.874.311	-	-	8.417.712
Vehicles	1.481.961	29.661	-	(18.629)	-	1.492.993
Fixtures	14.981.606	2.126.908	-	(22.095)	-	17.086.419
Leasehold improvements	22.838.499	2.104.939	-	-	-	24.943.438
Construction in progress	99.199	-	-	-	-	99.199
Total	63.774.083	4.673.945	2.874.311	(40.724)	-	71.281.616
Accumulated depreciation	(7.373)	(638)	-	-	-	(8.011)
Land improvements	(2.350.067)	(191.818)	-	-	(180.286)	(2.722.171)
Buildings	(4.078.466)	(634.461)	-	-	-	(4.712.927)
Machinery, Equipment	(1.015.203)	(121.002)	-	18.629	-	(1.117.576)
Vehicles	(1.773.253)	(1.351.996)	-	1.194	-	(13.124.055)
Fixtures	(18.598.909)	(1.960.637)	-	-	-	(20.559.546)
Leasehold improvements	(37.823.271)	(4.260.552)	-	19.823	(180.286)	(42.244.286)
Total	25.950.812	-	-	-	-	29.037.330

Total insurance amount on fixed assets is TL 204.992.101 as of December 31, 2016.

b) Movements of tangible fixed assets as of December 31, 2015 are as follows:

Cost	01.01.2015	Entry	Exit	Valuation	31.12.2015
Lands and Parcels	4.910.000	-	-	-	4.910.000
Land improvements	12.703	-	-	-	12.703
Buildings	14.319.152	-	-	-	14.319.152
Machinery, Equipment	5.054.470	76.493	-	-	5.130.963
Vehicles	1.423.383	212.460	(153.882)	-	1.481.961
Fixtures	14.163.590	820.950	(2.934)	-	14.981.606
Leasehold improvements	20.957.514	1.880.985	-	-	22.838.499
Construction in progress	99.199	-	-	-	99.199
Total	60.840.812	3.090.087	(156.816)	-	63.774.083
Accumulated depreciation	-	-	-	-	-
Land improvements	(6.736)	(637)	-	-	(7.373)
Buildings	(1.978.854)	(190.927)	-	(180.286)	(2.350.067)
Machinery, Equipment	(3.692.429)	(386.037)	-	-	(4.078.466)
Vehicles	(1.026.551)	(131.771)	-	-	(1.015.203)
Fixtures	(10.518.544)	(1.255.243)	143.119	-	(11.773.253)
Leasehold improvements	(16.557.919)	(2.040.990)	534	-	(18.598.909)
Total	(33.781.033)	(4.005.605)	143.653	(180.286)	(37.823.271)
Net Value	27.059.779	-	-	-	25.950.812

Total insurance amount on fixed assets is TL 164.374.610 as of December 31, 2015.

NOTE 15 – RIGHTS ON SHARES ARISING FROM RETIREMENT, RESTORATION AND ENVIRONMENT REHABILITATION FUNDS

Not available. (December 31, 2015: Not available)

NOTE 16 – MEMBER'S SHARES IN COOPERATIVE ENTERPRISES AND SIMILAR FINANCIAL INSTRUMENTS

Not available. (December 31, 2015: Not available)

NOTE 17 – INTANGIBLE FIXED ASSETS

The Company has no internally-generated intangible fixed asset.

a) Movements of intangible fixed assets as of December 31, 2016 are as follows:

Costs	01.01.2016	Entry	Exit	31st December 2016
Rights	1,410,969	63,049	-	1,474,018
Total	1,410,969	63,049		1,474,018
Accumulated depreciation				
Rights	(543,202)	(204,890)	-	748,092
Total	(543,202)	(204,890)		(748,092)
Net Value	867,767			725,926

b) Movements of intangible fixed assets as of December 31, 2015 are as follows:

Costs	01.01.2015	Entry	Exit	31st December 2015
Rights	1,254,248	156,721	-	1,410,969
Total	1,254,248	156,721		1,410,969
Accumulated depreciation				
Rights	(436,831)	(106,371)	-	(543,202)
Total	(436,831)	(106,371)		(543,202)
Net Value	817,417			867,767

NOTE 18 – GOODWILL

Not available. (December 31, 2015: Not available)

NOTE 19 – RESEARCH AND EVALUATION OF MINERAL RESOURCES

Not available. (December 31, 2015: Not available)

NOTE 20 – LEASING TRANSACTIONS

a) Financial Leasing Transactions

The Company does not have any financial leasing payables as of December 31, 2016. (December 31, 2015: Not available)

b) Operational Leasing Transactions

ba) Leases by the Company in the capacity of Tenant

The details of lease expenses registered by the Company in the income statement during the period are as follows:

	31st December 2016	31st December 2015
Car rental expenses	312,487	312,043
Shop rental expenses	27,806,010	23,831,763
Administrative buildings and warehouses rental expenses (*)	1,115,314	1,124,363
Total	29,233,811	25,268,169

(*) The term of contracts for leasing relating to administrative buildings is one year or less.

Minimum lease payment commitments due to the lease contracts arising from store leasing transactions of the Company are as follows:

	31st December 2016	31st December 2015
Less than a year	29,594,660	20,867,679
More than a year – Less than 5 years	46,007,231	24,491,905
More than 5 years	8,002,017	8,868,099
Total	83,603,908	54,227,683

Minimum lease payment commitments due to the lease contracts arising from car rental transactions of the Company are as follows:

	31st December 2016	31st December 2015
Less than a year	354,875	246,459
More than a year – Less than 5 years	362,915	214,806
Total	717,790	461,265

bb) Leases by the Company in the capacity of Lessor

The total rental income arising from the operational leasing transactions realized by the Company in the capacity as lessor and collected within the period as well as reflected in the income statement is amounting to TL 1,937,510. (December 31, 2015: TL 1,069,633). The term of contracts for leasing is one year or less.

NOTE 21 – PREFERRED SERVICE CONTRACTS

Not available. (December 31, 2015: Not available)

NOTE 22 – IMPAIRMENT OF ASSETS

Since Desa International Limited and Leather Fashion which are subsidiaries as of December 31, 2016 and not consolidated due to their negligible revenues have lost their equities, impairment is calculated at the amount (TL 3,107,074) given in assets and presented in Financial Investments account. (See Note 4)

NOTE 23 – GOVERNMENT INCENTIVES AND SUPPORTS

a) The Company has got Inward Processing Licenses. The Company has made import amounting to USD 2.512.960 as of December 31, 2016 under those licenses and benefited from VAT incentive related to those purchases. (December 31, 2015 – USD 15.486.586).

b) Right to benefit from the Turquality incentive amounting to TL 1.143.288 has been entitled during the period of twelve months within the scope of the Communiqué No. 2006/4 on Branding of Turkish Products, Establishing Image of Turkish Products Abroad and Supporting Turquality. (Right to benefit from incentive amounting to TL 1.634.800 has been entitled as from December 31, 2015.) (See Note 34)

c) Income taxes of minimum-wage workers employed in Düzce factory in the Organized Industrial Zone provide 5% exemption from payment of SSI premiums under Law No. 5084 on Making Amendments to Certain Laws by Encouragement of Investments and Employment. Also the Company has been entitled to benefit from an additional incentive of 6% as from January 1, 2013 in accordance with the decree no.2013/4966 of the Council of Ministers. The Company has been entitled to an incentive in the amount of TL 908.398 as from December 31, 2016 and registered the same as revenue. (December 31, 2015: TL 375.073)

d) The amount corresponding to five-point part of employer's share from disability, old-age and death insurance premiums of insured employees are paid by the Treasury under sub-clause (i) added to first clause of Article 81 of Social Securities and General Health Insurance Law No. 5510. In this context, the five-point part of the Company's employer's share recorded as revenue as of December 31, 2016 is TL 1.705.544. (December 31, 2015: TL 2.060.618)

e) The subsidy for employer's contribution to the minimum wage provided in order to lessen the burden of additional cost emanated as a result of increase in minimum wage by 30 % is covered by the Treasury pursuant to the Article 17 of the Law No.6661 on Amending Military Service Law and Some Other Laws. In this context, the five-point part of the Company's employer's share recorded as revenue as of December 31, 2016 is TL 739.470 (December 31, 2015: Not available)

NOTE 24 – BORROWING COSTS

The total borrowings costs suffered as from December 31, 2016 are amounting to TL 13.806.726 (TL 10.111.878 of this amount is exchange difference) and are registered directly as expenses. (December 31, 2015: TL 10.144.797 registered directly as expenses) (See Note 37)

NOTE 25 – PROVISIONS, CONTINGENT ASSETS AND PAYABLES

a) Details of provisions for unused vacation payment of Company's employees are as follows:

	31st December 2016	31st December 2015
Provisions for Leaves	1.807.273	1.833.203
Total	1.807.273	1.833.203

Movements of provisions for vacation payment within the period are as follows:

	31st December 2016	31st December 2015
Beginning of period	1.833.203	1.844.095
Increase within the Period (+)	-	-
Provisions cancelled within the Period (-)	(25.930)	(10.892)
End of period	1.807.273	1.833.203

b) Details of provisions for short-term payables are as follows:

	31st December 2016	31st December 2015
Provision for Lawsuits	473.025	987.802
Provision for other costs	4.056	32.251
Total	477.081	1.020.053

c) Details of provisions for long-term payables are as follows:

	31st December 2016	31st December 2015
Provisions for seniority indemnity	3.195.569	2.717.082
Total	3.195.569	2.717.082

Provisions for seniority indemnity:

As per laws of the Republic of Turkey, the Company is obliged to pay seniority indemnity to each employee that has retired completing minimum one year service time after 25-year working life (for women – age 58; for men – age 60); has been dismissed; has been called for military service; or has passed away.

Such indemnity must be in the amount of one-month wage for each service year and such amount has been limited to TL 4.297,21 as of January 01, 2017 (January 01, 2016: TL 4.092,53)

The liability to pay seniority indemnity is not legally subject to any funding. Reserve for seniority indemnity is calculated by estimating current value of future potential liability amount arising from retirement of the Company personnel. IAS 19 ("Employee Benefits") provides that liabilities of a company shall be developed using the actuarial valuation methods under defined benefit pension plans. In this context, actuarial assumptions used in calculation of total liabilities are given below:

Main assumption is that maximum liability amount for each service year would increase in parallel with the inflation. Therefore, discount rate applied indicates the real rate expected after adjustment of future inflation impacts. For this reason, as of December 31, 2016, provisions in the attached financial statements are calculated by estimating current value of potential future liability that would arise from retirement of employees. Provisions on the balance sheet date have been calculated using the real discount rate obtained as approximately 3,49 % (December 31, 2015: 4,11 %) according to the assumptions of an annual inflation of 6,90 % (December 31, 2016: 6,50 %) and of a discount rate of 10,63 % (31st December 2015: 10,88 %). Estimated rate of seniority indemnity which shall not be paid and remain with the Company due to voluntary leave of employment by the employee has also been taken into account. Upper limit of the seniority indemnity is revised semi-annually.

Movements of provisions for seniority indemnity within the period are as follows:

	31st December 2016	31st December 2015
Beginning of period	2.717.082	2.496.143
Service cost	2.193.239	2.474.027
Interest cost	110.169	65.166
Indemnities paid	(2.308.873)	(2.685.342)
Actuarial (Gain) / Loss (Note 30/e)	483.952	367.088
End of period	3.195.569	2.717.082

d) Guarantees Received and Given

da) Details of mortgages, guarantees and warrants received by the Company are as follows:

	31st December 2016	31st December 2015
Letters of Guarantee	330.000	400.000
Surety Bonds	1.495.000	945.000
Total	1.825.000	1.345.000

db) Details of off-balance sheet liabilities which are not included in liabilities are as follows:

	31st December 2016		31st December 2015	
Letters of Guarantee		48.126.777		18.724.948
TL	4.701.863		4.347.748	
USD	1.813.808		1.364.414	
EURO (*)	41.611.106		13.012.786	
Surety Bonds	-			10.088.880
EURO	-		10.088.880	
Total		48.126.777		28.813.828

(*) For the loan amounting to Euro 10.249.000 (TL 38.022.765) extended by Eximbank, a letter of guarantee in the same amount has been given

dc) The Company's guarantee/pledge/mortgage position table is as follows as of December 31, 2016 and December 31, 2015.

GPMs given by the Company	31st December 2016	31st December 2015
A. Total Amount of GPMs given on behalf of its own Legal Entity	48.126.777	28.813.828
B. Total Amount of GPMs given in favor of Ventures included in Full Consolidation	-	-
C. Total Amount of GPMs given to Guarantee Liability of Other 3rd Parties for purposes of carrying out Ordinary Business Activities	-	-
D. Total Amount of Other GPMs Given	-	-
1) Total Amount of GPMs given in favor of the Parent Company	-	-
2) Total Amount of GPMs given in favor of Other Group Companies not included in Items B and C	-	-
3) Total Amount of GPMs given in favor of 3rd Parties not included in Item C	-	-
Total	48.126.777	28.813.828

dd) Forward exchange and option contracts :

Not available. (December 31, 2015: Not available)

NOTE 26 – COMMITMENTS

Not available. (December 31, 2015: Not available)

NOTE 27 – PAYABLES WITHIN EMPLOYEE BENEFITS

	31st December 2016	31st December 2015
Accrued Wages of Employees	3.700.895	3.111.799
Total	3.700.895	3.111.799

NOTE 28– OTHER EXPENSES BASED ON THEIR NATURE

Distribution of significant expense items based on their nature is as follows:

	31st December 2016	31st December 2015
Wage Expenses	(61.866.080)	(66.506.878)
For Production Cost	(29.559.897)	(36.733.402)
For General Management	(7.775.464)	(8.274.107)
For Marketing, Sales and Distribution	(23.863.932)	(20.718.570)
For Research and Development	(666.787)	(780.799)
Depreciation Expenses	(4.465.444)	(4.111.976)
For Production Cost	(930.233)	(654.774)
For General Management	(858.773)	(891.474)
For Marketing, Sales and Distribution	(2.667.117)	(2.556.000)
For Research and Development	(9.319)	(9.728)
Total	(66.331.524)	(70.618.854)

NOTE 29– OTHER ASSETS AND LIABILITIES

Details of other current assets are as follows:

	31st December 2016	31st December 2015
Accrued Turquality Incentive Income	787.660	2.559.964
Deferred VAT	206.200	-
Other VAT	351.247	354.285
Other current assets	189.571	82.381
Total	1.534.678	2.996.630

NOTE 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Equity Details

Equity of the Company as of December 31, 2016 is TL 49.681.859 (December 31, 2015 – TL 63.540.413) and its details are as follows:

	31st December 2016	31st December 2015
Paid in capital	49.221.970	49.221.970
Adjustment Differences of Capital Accounts	5.500.255	5.500.255
Revaluation and Measurement Gains/Losses	8.680.485	8.851.757
Actuarial (Gain) / Loss relating to Employee Benefits	(1.117.894)	(730.732)
Reserves on Retained Earnings	960.423	960.423
Previous Period Profit/Loss	(263.260)	3.834.799
Net Profit/Loss for the Period	(13.300.120)	(4.098.059)
Equity	49.681.859	63.540.413

b) Paid in capital

The Company has switched to registered capital system in 2007 and its registered authorized stock amounts to TL 150.000.000. Its paid in capital is TL 49.221.970 (December 31, 2015: TL 49.221.970) and has been divided into 4.922.196.986 (December 31, 2015: 4.922.196.986) shares each of which has a nominal value of 1 Kr. 4 (Four) members of the Board of Directors and auditors are elected amongst the candidates to be nominated by Group (A) shareholders. In Ordinary and Extraordinary General Meetings, Group (A) shareholders have 50 voting rights for 1 share while other shareholders have 1 voting right for 1 share. There is no preference share in financial terms.

Issued and paid in capital amounts as of December 31, 2016 and December 31, 2015 are as follows at their book value:

	31st December 2016		31st December 2015	
Melih Çelet	10,00%	4.922.197	10,00%	4.922.197
Çelet Holding A.Ş.	54,28%	26.717.682	54,28%	26.717.682
Free Float (*)	34,92%	17.188.312	34,92%	17.188.312
Other	0,80%	393.779	0,80%	393.779
Total	100,00%	49.221.970	100,00%	49.221.970

(*)The share with a nominal value of TL 4.129.566, representing 8,39 % of the capital in the free float belongs to Çelet Holding A.Ş. and the share with a nominal value of TL 3.749.151, representing 7,61 % thereof belongs to Melih Çelet.

c) Adjustment Differences of Capital Accounts

Inflation adjustment difference for capital accounts is TL 5.500.255 as of December 31, 2016. (December 31, 2015: TL 5.500.255)

d) Revaluation and Measurement Gains/Losses

The tangible fixed asset revaluation surplus of TL 8.680.485 (December 31, 2015: TL 8.851.757) has resulted from the revaluation of the factory and office buildings on December 31, 2012 and its details are as follows: (Note 14)

	Total Surplus	Deferred Tax Impact	Revaluation Surplus (Net)
Factory Land	3.515.615	(175.781)	3.339.834
Factory and Office Building	6.342.883	(317.145)	6.025.738
Accumulated Depreciation Impact as of January 01, 2016	(540.859)	27.044	(513.815)
Depreciation Impact as of December 31, 2016	(180.286)	9.014	(171.272)
Total	9.137.353	(456.868)	8.680.485

As of December 31, 2015:

	Total Surplus	Deferred Tax Impact	Revaluation Surplus (Net)
Factory Land	3.515.615	(175.781)	3.339.834
Factory and Office Building	6.342.883	(317.145)	6.025.738
Accumulated Depreciation Impact as of January 01, 2015	(360.572)	18.029	(342.543)
Depreciation Impact as of December 31, 2015	(180.286)	9.014	(171.272)
Total	9.317.640	(465.883)	8.851.757

e) Actuarial (Loss) / Gain relating to Employee Benefits

	31st December 2016		31st December 2015	
Opening balance (Net)		(730.732)		(437.062)
Remeasurement Losses of Current Period Defined Benefit Plans (Net)		(387.162)		(293.670)
Current Period Actuarial Difference	(483.952)		(367.088)	
Deferred Tax of Current Period Actuarial Difference	96.790		74.418	
Total		(1.117.894)		(730.732)

f) Reserves on Retained Earnings

	31st December 2016	31st December 2015
Primary Legal Reserves	960.423	960.423
Total	960.423	960.423

g) Previous Period Profit/Loss

	31st December 2016	31st December 2015
Accumulated Profit / Loss Opening	3.834.799	(918.883)
Transfer from Retained Net Profit / Loss	(4.098.059)	4.753.682
Previous Period Profit/Loss	(263.260)	3.834.799

NOTE 31 – REVENUE

	31st December 2016	31st December 2015
Domestic Sales	223.265.671	184.919.745
Export Sales	37.698.348	94.277.470
Other Incomes	429.227	178.334
Gross Sales	261.393.246	279.375.549
Returns (-)	(9.108.610)	(7.241.568)
Sales Discounts (-)	(100.385.235)	(73.427.975)
Discounts (-)	(433.692)	(2.141.918)
Net Sales	151.465.709	196.564.088
Cost of Goods Sold (-)	(78.198.157)	(120.610.269)
Operating Income (Net)	73.267.552	75.953.819

NOTE 32 – CONSTRUCTION CONTRACTS

Not available. (December 31, 2015: Not available)

NOTE 33 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	31st December 2016	31st December 2015
General Administrative Expenses	(12.486.139)	(13.626.147)
Marketing, Sales and Distribution Expenses	(69.452.765)	(61.460.193)
Research and Development Expenses	(1.919.559)	(1.951.991)
Total	(83.858.463)	(77.038.331)

a) Details of general administrative expenses are as follows:

	31st December 2016	31st December 2015
Personnel Expenses	(7.775.464)	(8.274.107)
Rental Expenses	(1.094.986)	(1.092.177)
Depreciation Expenses	(858.773)	(891.474)
Consultancy Expenses	(888.452)	(909.573)
Travel and Transport Expenses	(409.778)	(578.753)
Utility and Fuel Oil Expenses	(266.787)	(331.004)
Communication Expenses	(290.101)	(311.498)
Taxes and Other Legal Duties	(142.243)	(189.312)
Insurance, Repair & Maintenance Expenses	(163.442)	(306.847)
Stationery and Advertising, Announcement Expenses	(52.959)	(57.056)
Donations and Grants	(71.035)	(255.250)
Representation and Entertainment Expenses	(19.022)	(42.558)
Trade Mark Registration Expenses	(3.896)	(38.316)
Other	(449.201)	(348.222)
Total	(12.486.139)	(13.626.147)

b) Details of Marketing, Sales and Distribution Expenses are as follows:

	31st December 2016	31st December 2015
Real Estate Rental Expenses	(27.806.010)	(23.831.763)
Personnel Expenses	(23.863.932)	(20.718.570)
Bank Commission Expenses	(2.842.139)	(2.119.436)
Advertising and Announcement Expenses	(2.797.976)	(2.948.039)
Depreciation Expenses	(2.667.117)	(2.556.000)
Cargo Expenses	(2.450.744)	(1.769.914)
Utility and Fuel Oil Expenses	(1.601.489)	(1.558.048)
Maintenance & Repair Expenses	(895.802)	(1.613.342)
Transport Expenses	(418.542)	(395.563)
Taxes and Other Legal Duties	(415.968)	(582.816)
Shelf, Sign and Printed Material Expenses	(477.408)	(539.022)
Travel Expenses	(418.595)	(490.949)
Product, Repair and Export Duty Expenses	(249.646)	(581.494)
Insurance Expenses	(276.575)	(301.550)
Overseas Fair Attendance Expenses	(157.098)	(308.771)
Phone, Fax and Data Line	(136.935)	(136.005)
Representation and Entertainment Expenses	(22.175)	(13.725)
Other	(1.954.614)	(995.186)
Total	(69.452.765)	(61.460.193)

c) Details of research and development expenses are as follows:

	31st December 2016	31st December 2015
Design and Modeling Expenses	(1.050.989)	(954.420)
Personnel Expenses	(666.787)	(780.799)
Travel Expenses	(117.158)	(110.490)
Representation and Entertainment Expenses	(33.544)	(39.795)
Maintenance Repair Expenses	(21.216)	(14.516)
Depreciation Expenses	(9.319)	(9.728)
Utility and Fuel Oil Expenses	(914)	(15.471)
Other	(19.632)	(26.772)
Total	(1.919.559)	(1.951.991)

NOTE 34 – OTHER OPERATING INCOMES AND EXPENSES

a) Details of other operating incomes are as follows:

	31st December 2016	31st December 2015
Subsidy (SSI and Withholding)	3.353.412	2.435.691
Cargo Logistics Service Incomes	2.470.832	1.871.895
Rental Incomes	1.937.510	1.069.633
Subsidy (Turquality and (TKIB)	1.143.288	1.634.800
Exchange Profits	1.258.399	1.559.636
Financing Incomes arising from forward sales	943.002	1.278.234
Rediscount Income	568.216	457.138
Provisions for Lawsuits No Longer required	510.721	-
Receivables and payables waived	479.396	-
Cancelled Import	455.627	383.042
Expense Contribution Incomes	308.333	608.224
Income from damage indemnity	261.470	334.917
Provisions for Receivables No Longer Required	133.930	1.088
Price Differences	114.896	94.172
Interest Incomes	86.665	66.199
Promotion Incomes	-	677.966
Other	329.157	160.306
Total	14.354.854	12.632.941

b) Details of other operating expenses are as follows:

	31st December 2016	31st December 2015
Financing Incomes arising from forward purchases	(3.376.919)	(3.982.713)
Exchange Losses	(1.481.802)	(2.506.347)
Rediscount Expense	(13.687)	(495.783)
Previous Period Expenses	(3.392)	(173.928)
Commission Expenses	-	(754)
Provision Expenses (Trade Receivables)	-	(133.699)
Provision for Lawsuits Expenses	-	(477.521)
Other	(79.199)	(49.089)
Total	(4.954.999)	(7.819.834)

NOTE 35 – INCOMES AND EXPENSES FROM INVESTING ACTIVITIES

	31st December 2016	31st December 2015
Income from Fixed Asset Sales	12.891	76.635
Total	12.891	76.635

NOTE 36 – EXPENSES CLASSIFIED ON KIND BASIS

See, Note 33

NOTE 37 – FINANCING EXPENSES

	31st December 2016	31st December 2015
Loan Exchange Difference Expenses	(10.111.878)	(6.905.754)
Loan Interest Expense	(2.292.704)	(2.091.435)
Bank Charges	(583.782)	(203.878)
Credit Card Commission	(368.399)	(354.566)
Import / Export Costs	-	(460.174)
Factoring Interest Expenses	(231.014)	-
Bank Letter of Guarantee Commission	(187.324)	(126.300)
Other Financing Expenses	(831.625)	(2.690)
Total	(13.806.726)	(10.144.797)

NOTE 38 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

See, Note 30/d-e

NOTE 39 – FIXED ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Not available. (December 31, 2015: Not available)

NOTE 40 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31st December 2016	31st December 2015
Provision for Current Corporate Tax (-)	-	-
Prepaid taxes and funds within the period	439	221
Net Tax Asset / (Liability) of Current Period	439	221

	31st December 2016	31st December 2015
Current tax expense / income	-	-
Deferred tax expense / income	230.834	535.367
Total tax income / (expense)	230.834	535.367

In Turkey, corporate tax rate is 20%. (2015: 20%) This rate is applied to the tax basis to be obtained by adding non-deductible expenses as per tax laws to business income of entities and by deducting exemptions (such as affiliation privilege) and discounts (such as R&D and Grants and Aids) provided in tax laws.

Corporate tax returns are delivered to respective tax office from first day of the fourth month following the end of the fiscal period to the evening of the twenty fifth day. Such tax return is paid in a lump until the end of the month when such return is delivered. On the other hand, tax auditing authorities can audit accounting records within five years and tax amounts to be paid can be changed in case of identification of any faulty transaction.

Corporate Taxpayers calculate an advance tax at 20% (20% for the fiscal year 2015) over their financial profit for each three-month period to set off it against corporate tax of current taxation period and declare such amount until 14th day of the second month following such period and pay it until the evening of 17th day.

As per Turkish tax legislation, financial losses presented in the statement can be deducted from company profit for the period being limited to maximum 5 years. However, financial losses may not be set off against previous period profits.

As per Corporate Tax General Communiqué Serial No. 50, since earnings from activities in free zones are not considered securities income under Article 75/4 of the Income Tax Law provided that it is verified that such earnings have been brought to Turkey as foreign currency, they are excluded from Corporate Tax and Company withholding tax basis.

No other tax is paid if profit is not distributed.

A tax withholding at 15% is applied by full taxpayers over dividends distributed to limited taxpayers other than those obtaining dividend through a business or a permanent representative in Turkey or to limited taxpayers exempted from corporate tax and specified in sub-clauses (1), (2) and (3) of Clause 2 of Article 75 of the Income Tax Law. Addition of profit to capital is not deemed as profit distribution.

The Company has a deferred tax liability of TL 777.401 for the current period (December 31, 2015: deferred tax asset of TL 440.763) with the following details:

	Total Temporary Differences 31.12.2016	Deferred Tax Asset / Liability Movements 31.12.2016	Total Temporary Differences 31.12.2015	Deferred Tax Asset / Liability Movements 31.12.2015
Rediscount of Trade Receivables	13.687	2.737	21.067	-4.213
Financial Liabilities Reduction Differences	45.401	9.080	5.519	1.104
Expense Accruals	1.640.503	328.101	70.045	14.009
Provision for Doubtful Receivables	894.995	178.999	1.085.175	217.035
Currency Valuation Differences	393.306	78.661	261.422	52.284
Provision for Leaves	1.807.273	-361.455	1.833.203	366.641
Provision for Seniority Indemnity	3.195.569	639.114	2.717.082	543.416
Provision for Liabilities/Expenses	477.081	95.415	987.802	197.560
Provision for Financial Investments Impairment	3.107.074	621.416	3.107.074	621.415
Deferred Tax Asset	11.574.889	2.314.978	10.088.389	2.017.677
Rediscount for trade payables	(1.024.856)	(204.971)	(429.918)	(85.984)
Fixed Assets Depreciations	(3.592.384)	(718.477)	(3.292.754)	(658.551)
Fixed Assets Increment Value	(9.137.353)	(456.868)	(9.317.640)	(465.883)
Income Accruals	(786.304)	(157.261)	(1.832.491)	(366.496)
Deferred Tax Liability	(3.418.147)	(1.537.577)	(14.872.803)	(1.576.914)
Deferred Tax Asset (Net)		777.401		440.763

Deferred Tax Asset / Liability Movements	31st December 2016	31st December 2015
Opening Balance as of 1st January	440.763	(177.036)
Deferred Tax Income / (Expense)	230.834	535.367
Actuarial (Gain) / Loss	96.790	73.418
Deferred Tax for Revaluation Surplus (Note 30/e)	9.014	9.014
Closing Balance at the End of Period	777.401	440.763

NOTE 41 – EARNINGS PER SHARE

Earnings per share as specified in the income statement has been determined by dividing net profit for the current period by weighted average number of shares available in the market throughout the period.

Companies in Turkey can increase their capital by means of "bonus share" distribution to their existing shareholders from accumulated earnings and revaluation funds. Such "bonus share" distributions are considered issued share in calculation of earnings per share. Accordingly, weighted average number of shares used in such calculations has been found by calculating retrospective effects of share distributions.

Profit per share calculations have been made by dividing net profit by weighted average number of shares issued. There is no financially preference share. Accordingly, profit/loss per share based on share groups is as follows.

	31st December 2016	31st December 2015
Profit per share		
Net profit / (loss) for the period	(13.300.120)	(4.098.059)
Weighted average number of ordinary shares issued (Each 1 Kr)	4.922.196.986	4.922.196.986
Profit/(loss) per share from continuing and discontinued operations	(0,0027)	(0,0008)
Net profit / (loss) for the period	(13.300.120)	(4.098.059)
Less: Profit from discontinued operations during the year		
Net profit for the period for calculation of profit per share from continuing operations	(13.300.120)	(4.098.059)
Profit / (loss) per share from continuing operations	(0,0027)	(0,0008)
Profit from discontinued operations within the period		
Diluted profit/(loss) per share	(0,0027)	(0,0008)
Profit / (loss) per share from continuing operations	(0,0027)	(0,0008)
Profit per share from discontinued operations		

NOTE 42 – SHARE-BASED PAYMENTS

None. (December 31, 2015: Not available.)

NOTE 43 – INSURANCE CONTRACTS

None. (December 31, 2015: Not available.)

NOTE 44 – EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Please refer to note 2.5 for the used currency.

The exchange differences recognized in profit/loss within the period are as follows:

	31st December 2016	31st December 2015
Financing Expenses	(10.111.878)	(6.905.754)
Loan Exchange Difference Expenses (Note 37)	(10.111.878)	(6.905.754)
Real Operating Income / Expense	(223.403)	(946.711)
Foreign Exchange Gains (Note 34/a)	1.258.399	1.559.636
Foreign Exchange Losses (Note 34/b)	(1.481.802)	(2.506.347)

NOTE 45 – FINANCIAL REPORTING IN HIGH INFLATION ECONOMIES

None. (December 31, 2015: Not available.)

NOTE 46 – DERIVATIVE FINANCIAL INSTRUMENTS

None. (December 31, 2015: Not available.)

NOT 47 – FINANCIAL INSTRUMENTS

a) Receivables and payables

For disclosures relating to receivables and payables see Note 7 and Note 9

b) Cash and cash equivalents

Details of cash and cash equivalents are as follows as of December 31, 2016 and December 31, 2015:

	31st December 2016		31st December 2015	
Cash		214.451		315.911
- TL	209.215		313.296	
- USD	3.165		2.615	
- EUR	1.445		-	
- GBP	626		-	
Banks		6.373.690		472.451
Time Deposit	5.959.520			
- EUR	5.959.520		-	
Demand Deposit	414.170		472.451	
- TL	401.489		442.461	
- USD	2.478		7.029	
- EUR	3.601		1.459	
- GBP	6.597		21.490	
- CHF	5		12	
Other liquid assets		197.082		179.597
Barter cheques	197.082		179.597	
Total		6.785.223		967.959

There is a blocked account of TL 9.250 in bank deposits of the Company as of December 31, 2016. (December 31, 2015: TL 9.250)

The distribution of the interest rates of the time deposits is as follows:

	31st December 2016		31st December 2015	
	Amount in Foreign Currency	Interest rate (%)	Amount in Foreign Currency	Interest rate (%)
EURO	5.959.520	1,7	-	-
Total	5.959.520			

c) Financial borrowings

	31st December 2016		31st December 2015	
Short-Term Borrowings		7.601.800		13.161.114
- Bank Loans	7.567.532		13.113.546	
- Credit Card Payables	34.268		47.568	
Short-Term Parts of Long-Term Borrowings		28.409.763		12.585.756
- Bank Loans	28.409.763		12.585.756	
Total Short-Term Borrowings		36.011.563		25.746.870
Long-Term Borrowings		46.258.999		31.969.182
- Bank Loans	46.258.999		31.969.182	
Total Borrowings		82.270.562		57.716.052

ca) Details of bank loans included in short-term borrowings are as follows:

Currency	31st December 2016			31st December 2015		
	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
EURO	-	-	-	3.188.527	10.131.862	-
TL		7.567.532	%12		2.981.684	10,56 -13,5
Total		7.567.532			13.113.546	

cb) For the explanations regarding the short-term financial leasing payables please see, Note 20.

cc) Details of short-term parts of long-term borrowings are as follows:

Currency	31st December 2016			31st December 2015		
	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
EURO	6.980.992	25.898.781	%0,96-%3,32	728.757	2.118.933	4,44
TL	713.509	2.510.982	%5,23	3.293.940	10.466.823	%0,86- 4,03%
Total		28.409.763			12.585.756	

cd) Details of long-term borrowings are as follows:

Currency	31st December 2016			31st December 2015		
	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
EURO	635.484	2.236.396	%5,23	2.607.459	7.581.447	4,44
TL	11.866.251	44.022.603	%0,96-%4,32	7.674.891	24.387.735	%0,86-4,03%
Total		46.258.999			31.969.182	

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Main risks arising from financial instruments are credit risk, liquidity risk, market risk as well as interest rate and exchange risk.

48.1. Credit Risk: Credit risk consists of deposits kept at banks and customers exposed to credit risk including outstanding receivables and guaranteed transactions. Risk control evaluates credit quality of the customer considering financial position and past experiences of the customer and other factors. The Company management corresponds to such risks by limiting average risk for counterparty in every agreement and taking security if required. The management is not expecting any loss due to nonperformance of the parties.

48.1.1. Credit risks incurred are as follows by financial instrument types:

As of December 31, 2016

31st December 2016	Receivables				Deposit in Banks
	Trade Receivables		Other Receivables		
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk incurred as of reporting date (A+B+C+D+E) (1)	813.154	4.656.192	1.872.273	319.686	6.373.690
- Guaranteed part of maximum risk through security etc.		173.244			
A. Net book value of financial assets undue or not impaired	813.154	4.482.948	1.872.273	319.686	6.373.690
- Guaranteed part through security etc.					
B. Book value of financial assets of which conditions have been re-discussed, otherwise which would be considered as overdue or impaired (2)	-	-	-	-	-
C. Net book value of assets overdue, but not impaired (3)	-	-	-	-	-
- Guaranteed part through security etc.	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	557.205	-	-	-
- Impairment (-)	-	(557.205)	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-

(1) In determination of the amounts given, elements increasing credit reliability such as securities received have not been taken into account.

As of December 31, 2015

31st December 2015	Receivables				Deposit in Banks
	Trade Receivables		Other Receivables		
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk incurred as of reporting date (A+B+C+D+E) (1)	6.502.815	3.812.387	-	262.956	472.451
- Guaranteed part of maximum risk through security etc.	-	14.146	-	-	-
A. Net book value of financial assets undue or not impaired	6.502.815	3.812.387	-	262.956	472.451
- Guaranteed part through security etc.	-	-	-	-	-
B. Book value of financial assets of which conditions have been re-discussed, otherwise which would be considered as overdue or impaired (2)	-	14.146	-	-	-
C. Net book value of assets overdue, but not impaired (3)	-	-	-	-	-
- Guaranteed part through security etc.	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	2.850.579	-	-	-
- Impairment (-)	-	(2.850.579)	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-

(*) In determination of the amounts given, elements increasing credit reliability such as securities received have not been taken into account.

48.1.2. Details and fair values of securities taken for receivables are as follows:

Total amount of securities taken by the Company for its receivables is TL 800.000 as of December 31, 2016. (December 31, 2015: TL 600.000)

48.1.3. Disclosures on credit quality of financial assets undue or not impaired as well as financial assets of which conditions have been re-discussed, otherwise which would be considered as overdue or impaired:

The Company has no financial asset of which conditions have been re-discussed, otherwise would be considered as overdue or impaired. There is no problem with collection of financial assets undue and not impaired and average collection time of trade receivables ranges between 30-365 days. (December 31, 2015: 30-365 days)

48.1.4. Disclosures on which factors have been taken into account for determination of provision for impairment reserved for impaired financial assets:

Since Desa International Limited and Leather Fashion which are subsidiaries as of December 31, 2016 and not consolidated due to their negligible revenues have lost their equity, impairment at the amount included in the assets (3.107.074 TL) has been calculated and presented in the Financial Investments account.

48.1.5. Aging table of financial assets overdue, but not impaired:

Not available. (December 31, 2015: Not available)

48.1.6. Assets acquired by the Company by taking possession of guarantees kept as an assurance or using other elements increasing credit reliability:

- Nature and book value;

Not available. (December 31, 2015: Not available)

- In case such assets cannot be converted into cash currently, approach of the enterprise regarding disposal of or use of such assets in business activities:

Not available. (December 31, 2015: Not available)

48.2. Liquidity Risk: Liquidity risk is the possibility for the Company to fail to fulfill its net funding liabilities. Occurrence of events resulting in decrease in fund resources such as disruptions in markets or decrease of credit rating creates the liquidity risk. The Company has been exposed to the liquidity risk as of December 31, 2016 and December 31, 2015. The Company is planning to carry out the liquidity management by extending maturities of trade receivables and giving weight to raw material stocks instead of purchase of new raw materials.

48.2.1. Distribution of derivatives and non-derivatives based on their remaining maturity is as follows:

The following table has been prepared without discounting liabilities of the Company and based on the earliest due dates. Interests to be paid over such liabilities have been included in the following table. Maturity of trade payables is approximately 140 days. (December 31, 2015 – 109 Days)

Current Period: December 31, 2016		Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Maturities as per Agreement	Book value					
Non-Derivative Financial Liabilities	131.551.240	135.923.325	44.206.451	42.392.862	49.324.012	-
Financial Payables	82.270.562	85.665.584	9.807.427	26.584.145	49.274.012	-
Trade Payables	45.911.204	46.888.267	31.029.550	15.808.717	50.000	-
Other Payables	3.369.474	3.369.474	3.369.474	-	-	-

Current Period: December 31, 2015		Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Maturities as per Agreement	Book value					
Non-Derivative Financial Liabilities	100.666.003	104.098.676	41.077.388	28.577.167	34.444.121	-
Financial Payables	57.716.052	60.718.807	5.182.520	21.092.166	34.444.121	-
Trade Payables	40.576.806	41.006.724	33.521.723	7.485.001	-	-
Other Payables	2.373.145	2.373.145	2.373.145	-	-	-

48.3. Market Risk: For in- and off-balance sheet positions, it is the possibility of incurring loss due to risks resulted from interest, exchange difference and share price changes arising from fluctuations in financial markets.

48.3.1. Exchange Risk: Exchange risk means the effects that may arise from exchange rate movements in case of having assets, liabilities and off-balance sheet liabilities in foreign currency.

Previous Period: December 31, 2015	Equivalent in TL (Functional Currency)	USD	Euro	GBP	CHF	Other
1.Trade Receivables	7.683.412	213.389	1.238.063	541.618	-	64
2a. Monetary Financial Assets (including Cash and Bank Accounts)	5.977.437	1.603	1.607.743	1.672	1	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3.Other	253.020	27.497	35.164	5.974	-	-
4.Current Assets (1+2+3)	13.913.869	242.489	2.880.970	549.264	1	64
5.Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7.Other	-	-	-	-	-	-
8.Fixed Assets (5+6+7)	-	-	-	-	-	-
9.Total Assets (4+8)	13.913.869	242.489	2.880.970	549.264	1	64
10.Trade Payables	(4.427.726)	(517.347)	(700.379)	-	(2.538)	-
11.Financial Liabilities	(28.409.763)	(713.508)	(6.980.992)	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	(538.806)	(65.035)	(77.657)	(5.056)	-	-
13.Short-Term Liabilities (10+11+12)	(33.376.295)	(1.295.890)	(7.759.028)	(5.056)	(2.538)	-
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	(46.258.999)	(635.484)	(11.866.251)	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	(46.258.999)	(635.484)	(11.866.251)	-	-	-
18.Total Liabilities (13+17)	(79.635.294)	(1,931,374)	(19.625.279)	(5.056)	(2.538)	-
19. Net Asset / (Liability) Position of Off-Balance Sheet Derivatives in Foreign Currency (19a-19b)	-	-	-	-	-	-
19a. Amount of Off-Balance Active Derivatives in Foreign Currency	-	-	-	-	-	-
19b. Amount of Off-Balance Passive Derivatives in Foreign Currency	-	-	-	-	-	-
20. Net Asset/(Liability) Position in Foreign Currency (9-18+19)	(65.721.425)	(1.688.885)	(16.744.309)	544.208	(2.537)	64
21. Monetary Items Net Asset / (Liability) Position in Foreign Currency (IFRS 7.B23 (=1+2a+5+6a-10-11-12a-14-15-16a))	(65,435,639)	(1,651,347)	(16,701,816)	543,920	(2,537)	64
22. Total Fair Value of Financial Instruments Used for Currency Hedging	-	-	-	-	-	-
23. Amount of Hedged Part of F.Currency Assets	-	-	-	-	-	-
24. Amount of Hedged Part of Foreign Currency Liabilities	-	-	-	-	-	-
25.Export	47.996.766	523.541	9.694.982	2.355.778	-	12.535
26.Import	17.385.456	1.405.498	2.980.072	40.598	2.720	399.250

31st December 2015	Equivalent in TL (Functional Currency)	USD	Euro	GBP	CHF	Other
1.Trade Receivables	7.767.180	48.757	1.830.187	416.352	-	57.960
2a. Monetary Financial Assets (including Cash and Bank Accounts)	32.605	3.317	459	4.997	4	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3.Other	313.332	50.669	36.445	11.672	-	-
4.Current Assets (1+2+3)	8.113.117	102.743	1.867.091	433.021	4	57.960
5.Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7.Other	-	-	-	-	-	-
8.Fixed Assets (5+6+7)	-	-	-	-	-	-
9.Total Assets (4+8)	8.113.117	102.743	1.867.091	433.021	4	57.960
10.Trade Payables	(11.756.593)	(674.751)	(3.056.450)	(19.186)	-	-
11.Financial Liabilities	(22.717.618)	(728.757)	(6.482.466)	-	-	-
12a.Other Monetary Liabilities	-	-	-	-	-	-
12b.Other Non-Monetary Liabilities	(2.281.746)	(47.614)	(665.888)	(6.366)	-	-
13.Short-Term Liabilities (10+11+12)	(36.755.957)	(1.451.122)	(10.204.804)	(25.552)	-	-
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	(31.969.182)	(2.607.458)	(7.674.891)	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	(31.969.182)	(2.607.458)	(7.674.891)	-	-	-
18.Total Liabilities (13+17)	(68.725.139)	(4.058.580)	(17.879.695)	(25.552)	-	-
19. Net Asset / (Liability) Position of Off-Balance Sheet Derivatives in Foreign Currency (19a-19b)	-	-	-	-	-	-
19a. Amount of Off-Balance Active Derivatives in Foreign Currency	-	-	-	-	-	-
19b. Amount of Off-Balance Passive Derivatives in Foreign Currency	-	-	-	-	-	-
20. Net Asset/(Liability) Position in Foreign Currency (9-18+19)	(60.612.022)	(3.955.837)	(16.012.604)	407.469	4	57.960
21. Monetary Items Net Asset / (Liability) Position in Foreign Currency (IFRS 7.B23 (=1+2a+5+6a-10-11-12a-14-15-16a))	(58.643.608)	(3.958.892)	(15.383.161)	402.163	4	57.960
22. Total Fair Value of Financial Instruments Used for Currency Hedging	-	-	-	-	-	-
23. Amount of Hedged Part of F.Currency Assets	-	-	-	-	-	-
24. Amount of Hedged Part of Foreign Currency Liabilities	-	-	-	-	-	-
25.Export	102.211.794	257.950	27.524.013	3.255.627	-	-
26.Import	53.405.899	2.285.499	13.635.257	107.868	-	-

(*) The equivalents of respective export and import amounts in Turkish Lira are expressed at CBRT's buying rate of exchanges in effect

Exchange rate sensitivity analysis tables as of December 31, 2016 and December 31, 2015 are as follows:

Exchange Rate Sensitivity Analysis Table Current Period	Profit/Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of 10% change in USD exchange rate:				
1- Net asset/liability in USD	(594,353)	594,353	-	-
2- Amount protected from USD risk (-)				
3- USD Net Effect (1+2)	(594,353)	594,353	-	-
In case of 10% change in Euro exchange rate:				
4- Net asset/liability in Euro	(6,211,972)	6,211,972	-	-
5- Amount protected from Euro risk (-)				
6- Euro Net Effect (4+5)	(6,211,972)	6,211,972	-	-
In case of 10% change in Swiss Franc exchange rate on average:				
7- Net asset/liability in Swiss Franc	(874)	874	-	-
8- Amount protected from Swiss Franc risk (-)				
9- Swiss Franc Net Effect (7+8)	(874)	874	-	-
In case of 10% change in British Pound exchange rate on average:				
10- Net asset/liability in British Pound	235,038	(235,038)	-	-
11- Amount protected from British Pound risk (-)				
12- British Pound Net Effect (10+11) In case of 10% change in other currencies exchange rate on average:	235,038	(235,038)	-	-
13- Net asset/liability in other currencies	18	(18)	-	-
14- Amount protected from other currencies exchange rate risk (-)				
15- Other Currencies Net Effect (13+14)	18	(18)	-	-
TOTAL (3+6+9+12+15)	(6,572,143)	6,572,143	-	-

31st December 2015

Exchange Rate Sensitivity Analysis Table Current Period	Profit/Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of 10% change in USD exchange rate:				
1- Net asset/liability in USD	(1,150,199)	1,150,199	-	-
2- Amount protected from USD risk (-)				
3- USD Net Effect (1+2)	(1,150,199)	1,150,199	-	-
In case of 10% change in Euro exchange rate:				
4- Net asset/liability in Euro	(5,088,165)	5,088,165	-	-
5- Amount protected from Euro risk (-)				
6- Euro Net Effect (4+5)	(5,088,165)	5,088,165	-	-
In case of 10% change in Swiss Franc exchange rate on average:				
7- Net asset/liability in Swiss Franc	1	(1)	-	-
8- Amount protected from Swiss Franc risk (-)				
9- Swiss Franc Net Effect (7+8)	1	(1)	-	-
In case of 10% change in British Pound exchange rate on average:				
10- Net asset/liability in British Pound	175,240	(175,240)	-	-
11- Amount protected from British Pound risk (-)				
12- British Pound Net Effect (10+11) In case of 10% change in other currencies exchange rate on average:	175,240	(175,240)	-	-
13- Net asset/liability in other currencies	1,921	(1,921)	-	-
14- Amount protected from other currencies exchange rate risk (-)				
15- Other Currencies Net Effect (13+14)	1,921	(1,921)	-	-
TOTAL (3+6+9+12+15)	(6,061,202)	6,061,202	-	-

48.3.1. Interest Risk: Fluctuations in financial instrument prices due to changes in market interest rates require the Company to cope with interest rate risk. Sensitivity of the Company to interest rate risk is related to inconsistency of maturities of asset and liability accounts. This risk is managed by meeting the assets affected from interest changes with the same type of liabilities.

Interest Position Table

	Fixed rate financial instruments	Current Period	Previous Period
Financial Liabilities	Bank Loans	25.808.294	29.393.401
Financial Liabilities	Credit Cards	32.224	47.568
Banks	Time Deposits	5.959.520	
	Floating rate financial instruments		
Financial Liabilities	Banka Kredileri	56.430.044	28.275.083

If the interest rates on reporting date are higher than 1% and all other variables are fixed, interest expenses from floating interest loans of the Company increase by TL 910.513. (December 31, 2015: TL 575.588)

48.4 Sensitivity Analysis for Other Risks:

Not available. (December 31, 2015: Not available)

NOTE 49 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)

a) Fair Value

Fair value is the amount occurring when an asset changes hands between a knowledgeable buyer and a knowledgeable seller in a mutual bargain environment or when a debt is paid.

Financial assets are valued at their "Fair Value" for periods following their inclusion in the balance sheet.

Fair value of financial assets is determined by the company management using current market information and proper valuation methods. However, it is necessary to use estimations in interpretation of market data to determine fair value. Accordingly, estimations provided may fail to give the real value that the Company would be able to get in current market transactions.

Fair value of publicly-traded shares is their "Stock exchange price".

It is deemed that book value of cash and cash equivalents, short-term trade receivables and payables is close to their fair value.

Financial instruments in foreign currency are valued at period-end rate and therefore their fair value gets close to their book value.

Since affiliates and subsidiaries of the Company are not traded in an active market, their fair value could not be measured reliably. The Company does not intend to dispose of such financial instruments in the short term.

b) Hedge Accounting

Hedge accounting requires inclusion of hedging instruments (future contracts, option, forward and swaps) and hedged items (exchange rate in financial statements, liabilities subject to interest and interest risk, and performance bonds subject to the same impacts and not included in financial statements) to financial statements as profit or loss by netting any change in their fair value to each other.

There are three type of hedging relationships:

- Fair value hedging
- Cash flow hedging
- Net investment hedging (in foreign affiliates)

c) Estimation of Fair Value

The Company's classifications of financial assets and liabilities related to fair value are as follows:

Level 1: Those based on actively traded market prices (not adjusted);

Level 2: Those based on observable market data directly (through actively traded market prices) or indirectly (by being derived from actively traded market prices);

Level 3: Those not based on observable market data.

The Company's assets and liabilities measured at fair value as of December 31, 2016 and December 31, 2015 are as follows:

31st December 2016

Assets	Level 1	Level 2	Level 3	Total
Financial Investments	-	-	7.664.316	7.664.316
Total Assets	-	-	7.664.316	7.664.316
Liabilities	Level 1	Level 2	Level 3	Total
Total Liabilities	-	-	-	-

31st December 2015

Assets	Level 1	Level 2	Level 3	Total
Financial Investments	-	-	7.685.480	7.685.480
Total Assets	-	-	7.685.480	7.685.480
Liabilities	Level 1	Level 2	Level 3	Total
Total Liabilities	-	-	-	-

NOTE 50 – EVENTS AFTER THE REPORTING PERIOD

Not available.

NOTE 51 – OTHER ISSUES SIGNIFICANTLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRED TO BE DISCLOSED FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

Not available. (December 31, 2015: Not available)

NOTE 52 – INITIAL TRANSITION TO TAS (TURKISH ACCOUNTING STANDARDS)

Not available. (December 31, 2015: Not available)

NOTE 53 – EXPLANATION IN RESPECT OF CASH FLOW STATEMENT

The Cash Flow Statement has been prepared according to the "Indirect Method"

NOTE 54 – EXPLANATION IN RESPECT OF THE STATEMENT FOR CHANGES IN EQUITY

The Statement of Changes in Equity has been prepared according to the format as specified by the CMB's decision no. 20/670 dated June 7, 2013.

MAJOR EVENTS AFTER REPORTING PERIOD

Date: 31.01.2017 17:58:57. About Store Closing

In line with our efficiency focused working principles, it was decided to close our store entitled "Desa Deri Sanayi ve Ticaret A.Ş. Özdilekpark Mall Desa Branch" at the address of Özdilekpark Alışveriş Merkezi, Esentepe Mah. Büyükdere Caddesi Dede Korkut Sok. N15 Zemin Kat ZO-K002-a-b ŞİŞLİ/İSTANBUL.

Date: 27.02.2017 18:05:10. About Store Opening

Totally 1 (one) new store entitled "Desa Deri Sanayi ve Ticaret A.Ş. Next Level Mall Desa Branch" entered into the service at the address of Kızırmak Mah. Dumlupınar Bulvarı N3/C Mağaza N2B87 Çankaya/ANKARA. The area of our Next Level Mall Desa Store is 138 m2.

Date: 05.01.2017 09:08:02. Information about legal action initiated by our Company

As we announced with the material disclosure dated 17.02.2016, no progress took place as of today with respect to the file under which we have requested reversion of decision regarding the subject-matter of the legal action. Information regarding progressive aspects of the legal action shall be disclosed to the public separately.

DESA

Headquater & Production Facility

Halkalı Cad. No: 208
34295 Sefaköy / İstanbul
T. (0212) 473 18 00 (pbx) / (0212) 698 98 12 - 697 57 96

Çorlu Tannery

Tabakhaneler Mevkii Kuzey Cad. 2.Sok. No: 14
Ergene-Tekirdağ
T. (0282) 686 31 39-40 / (0282) 686 40 11

Düzce Facility

1. Organize Sanayi Bölgesi 250 Ada
4. Parsel Beykoz - Düzce
T. (0380) 553 73 01 (7 Hat) / (0380) 553 73 08

Desa Customer Support

444 33 72 (444 DESA)
www.desa.com.tr - desa@desa.com.tr



ADANA

Desa Real
Desa Seyhan

ANKARA

Desa Migros
Desa Cepa
Desa Panora
Desa Armada
Desa Kentpark
Desa Esenboğa

ANTALYA

Desa Migros
Desa Deepo
Desa Terracity

AYDIN

Desa Soke

AFYON

Desa İkbâl

BALIKESİR

Desa Susurluk

BİLECİK

Desa Bozuyuk

BURSA

Desa Korupark

DENİZLİ

Desa Forum

ESKİŞEHİR

Desa Espark

GAZİANTEP

Desa Forum
Desa Sankopark

İSTANBUL

Desa Ataköy Galleria
Desa Beylikdüzü Migros
Desa Beyoğlu
Desa Capitol
Desa Nişantaşı Abdüpekci
Desa Suadiye
Desa Fabrika
Desa Maltepe Carrefour
Desa Carousel
Desa Nautilus
Desa Palladium
Desa İstinyepark
Desa Optimum
Desa Viaport
Desa Ataköy Konakları
Desa Marmara Forum
Desa Airport
Desa Göztepe
Desa StarCity
Desa Buyaka
Desa Cevahir
Desa Akbatı
Desa Forum
Desa Hilton
Desa Akasya
Desa Mall Of
Desa Özdlük Park

İZMİR

Desa Egs
Desa Mavibahçe
Desa Agora
Desa Forum
Desa Novada
Desa Bornova
Desa Optimum

İSKENDERUN

Desa PrimeMall

KAYSERİ

Desa Forum

KONYA

Desa Kentplaza

MERSİN

Desa Forum

SAMSUN

Desa Lowelett

TEKİRDAĞ

Desa Avantaj
Desa Orion

Franchise

Desa Go Muğla
Desa Go Marmaris
Desa Go Alanya
Desa Go Profilo

Online

Online Store

ADANA

Optimum Samsonite

ANKARA

Ankamall Samsonite
Kentpark Samsonite
Esenboğa Samsonite

ANTALYA

Deepo Samsonite
Havalimanı Samsonite
Terra City Samsonite
Migros Samsonite
Markaantalya Samsonite

GAZİANTEP

Sankopark Samsonite
Forum Samsonite

İSTANBUL

Göztepe samsonite
City's Samsonite
Palladium Samsonite

İstinyepark Samsonite
Ataköy Samsonite
Akasya Samsonite
Marmarapark Samsonite
Aqua Florya Samsonite
Akbatı Samsonite
Optimum Samsonite
Tepe Nautilus Samsonite

İZMİR

Optimum Samsonite
Agora Samsonite

KAYSERİ

Forum Samsonite

KONYA

Kentplaza Samsonite

MUĞLA

Midtown Samsonite

İSTANBUL

Kanyon
İstanbul, Cevahir
Atatürk Hava limanı
Atatürk Hava limanı 2
Atatürk Hava limanı 3
Viaport
Buyaka
Marmara Forum

İZMİR

A. Menderes Havalimanı İç Hatlar
A. Menderes Havalimanı Dış Hatlar

ANKARA

Acity Outlet
Armada

BURSA

Carrefour

MUĞLA

Bodrum Havalimanı
Dalaman Havalimanı