

DOĐTAŐ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ő.

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017**

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017**

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEET.....	1-2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	6-30

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2017

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

	Notes	Not audited 30 September 2017	Audited 31 December 2016
ASSETS			
Cash and cash equivalents		6,065,727	737,786
Trade receivables		107,107,751	81,114,376
- Trade receivables from related parties	7	12,018,727	3,197,367
- Trade receivables from third parties		95,089,024	77,917,009
Other receivables from third parties		3,794,768	3,524,277
Inventories		176,647,502	142,410,216
Current income tax assets	6	217,109	156,475
Prepaid expenses		38,849,915	19,823,938
Other current assets		51,485	427,901
Current assets		332,734,257	248,194,969
Assets classified as held for sale		491,200	491,200
Total current assets		333,225,457	248,686,169
Other receivables from related parties		463,237	446,975
Available-for-sale financial assets		9,469,958	9,469,958
Investment properties		53,143	55,264
Property, plant and equipment	3	220,503,910	172,078,671
Intangible assets		22,244,318	23,054,803
Prepaid expenses		16,212	-
Deferred tax assets	6	156,642	156,642
Other non-current assets		10,685,322	-
Total non-current assets		263,592,742	205,262,313
Total assets		596,818,199	453,948,482

This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 8 November 2017.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.**CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2017**

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

	Notes	Not audited 30 September 2017	Audited 31 December 2016
LIABILITIES			
Short-term borrowings	4	90,545,059	95,204,131
Short-term portion of long term borrowings	4	53,111,533	42,503,009
Trade payables		189,475,675	127,260,011
- Due to related parties		-	70,349
- Due to third parties		189,475,675	127,189,662
Payables related to employee benefits		8,006,964	4,803,886
Other payables		12,084,476	975,118
- Other payables from other parties		1,179,460	975,118
- Other payables from related parties	7	10,905,016	-
Deferred revenue		27,283,438	56,348,113
Short-term provisions		7,077,426	4,751,999
- Provisions for employee benefits		3,823,216	2,566,228
- Other provisions	5	3,254,210	2,185,771
Other current liabilities		123,838	50,977
Total current liabilities		387,708,409	331,897,244
Long-term borrowings	4	114,108,583	91,235,372
Other payables		547,494	906,312
- Other payables from other parties		547,494	906,312
Long-term provisions		2,912,704	2,915,003
- Long-term provisions related to employee benefits		1,046,309	2,082,327
- Other long-term provisions	5	1,866,395	832,676
Deferred revenue		38,960	38,960
Deferred tax liabilities	6	14,587,556	1,043,194
Total non-current liabilities		132,195,297	96,138,841
Share capital		209,069,767	209,069,767
Reverse merger capital differences		(159,069,767)	(159,069,767)
Share premium		282,945	282,945
Treasury share (-)		(10,991)	(10,991)
Other comprehensive income/expense not to be reclassified to profit or loss		99,631,231	70,347,526
- Increase on revaluation of property and equipment		97,763,669	68,479,964
- Actuarial gain arising from employee benefits		1,867,562	1,867,562
Legal reserves		607,177	607,177
Accumulated deficit		(94,307,222)	(55,666,145)
Net profit/(loss) for the period		20,711,353	(39,648,115)
Total equity		76,914,493	25,912,397
Total liabilities and equity		596,818,199	453,948,482

The accompanying notes form an integral part of this condensed consolidated interim financial information.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2017

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

	Notes	Not audited 1 January - 30 September 2017	Not audited 1 July - 30 September 2017	Not audited 1 January - 30 September 2016	Not audited 1 July - 30 September 2016
Revenue		459,274,967	208,301,390	313,567,775	117,933,887
Cost of sales (-)		(287,562,657)	(133,974,848)	(201,469,734)	(75,123,196)
Gross profit		171,712,310	74,326,542	112,098,041	42,810,691
General administrative expenses (-)		(17,441,296)	(6,436,955)	(21,383,486)	(6,615,948)
Marketing expenses (-)		(74,768,276)	(27,827,080)	(66,637,792)	(21,968,558)
Research and development expenses (-)		(2,640,617)	(869,000)	(3,089,388)	(1,056,879)
Other operating income		18,458,966	5,207,814	10,017,005	2,946,830
Other operating expenses (-)		(19,829,355)	(6,577,559)	(9,692,214)	(2,193,352)
Operating profit		75,491,732	37,823,762	21,312,166	13,922,784
Income from investing activities		398,048	393,569	530,892	330,000
Expense from investing activities (-)		-	-	(16,271)	-
Operating profit before financial income/(expenses)		75,889,780	38,217,331	21,826,787	14,252,784
Financial income		25,256,809	1,138,851	11,552,108	2,755,708
Financial expense (-)		(74,463,560)	(19,902,480)	(43,597,455)	(18,680,771)
Profit/(Loss) before tax		26,683,029	19,453,702	(10,218,560)	(1,672,279)
Taxation on income					
Deferred tax (expense)/income	6	(5,971,676)	(3,944,232)	2,059,534	475,925
Profit/(Loss) for the period		20,711,353	15,509,470	(8,159,026)	(1,196,354)
Net (loss)/profit attributable to:					
Owners of the parent		20,711,353	15,509,470	(8,159,026)	(1,196,354)
Non-controlling interests		-	-	-	-
Earnings/(Losses) per share	11	0.0010	0.0008	(0.0004)	(0.00006)
Profit/(Loss) for the period		20,711,353	15,509,470	(8,159,026)	(1,196,354)
<i>Items not to be classified to profit or loss</i>		30,290,743	433,652	(1,115,208)	(703,282)
Increase in revaluation of property, plant and equipment		37,863,429	542,065	-	-
Remeasurement differences		-	-	(1,394,010)	(879,102)
Deferred tax effect	6	(7,572,686)	(108,413)	278,802	175,820
Total comprehensive income/(loss)		51,002,096	15,943,122	(9,274,234)	(1,899,636)
Total comprehensive income attributable to:					
Owners of the parent		51,002,096	15,943,122	(9,274,234)	(1,899,636)
Non-controlling interests		-	-	-	-

The accompanying notes form an integral part of this condensed consolidated interim financial information.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2017

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

	Share capital	Share premium	Treasury shares	Legal reserves	Remeasurement differences	Revaluation reserves	Accumulated losses	Net profit for the period	Shareholders' equity	Total equity
Balance at 1 January 2016	50,000,000	282,945	(5,367,595)	607,177	1,518,839	45,166,056	(28,677,323)	(27,732,446)	35,797,653	35,797,653
Transfers	-	-	-	-	-	(1,225,226)	(26,507,220)	27,732,446	-	-
Total comprehensive loss	-	-	-	-	(1,115,208)	-	-	(8,159,026)	(9,274,234)	(9,274,234)
Balance at 30 September 2016	50,000,000	282,945	(5,367,595)	607,177	403,631	43,940,830	(55,184,543)	(8,159,026)	26,523,419	26,523,419
Balance at 1 January 2017	50,000,000	282,945	(10,991)	607,177	1,867,562	68,479,964	(55,666,145)	(39,648,115)	25,912,397	25,912,397
Transfers	-	-	-	-	-	(1,007,038)	(38,641,077)	39,648,115	-	-
Other comprehensive income	-	-	-	-	-	30,290,743	-	20,711,353	51,002,096	51,002,096
Balance at 30 September 2017	50,000,000	282,945	(10,991)	607,177	1,867,562	97,763,669	(94,307,222)	20,711,353	76,914,493	76,914,493

The accompanying notes form an integral part of this condensed consolidated interim financial information.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2017**

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

Notes	Not audited 1 January - 30 September 2017	Not audited 1 January - 30 September 2016
Net income/(loss) for the period	20,711,353	(8,159,026)
Adjustments to reconcile net income for the period	56,709,274	42,720,610
Adjustments related to amortisation and depreciation	13,275,719	10,153,219
Adjustments related to (cancellation) of provision for employment termination benefits	1,630,635	1,624,638
Adjustments related to (cancellation) of warranty provisions	3,124,445	1,224,725
Adjustments for doubtful trade receivables	1,459,024	-
Unearned finance income from credit sales	458,841	(76,055)
Unincurred finance expense from credit purchases	(957,373)	-
Tax expense/(income)	5,971,676	(2,059,534)
Adjustments to gain/(loss) on sale of property and equipment	(398,048)	(147,655)
Adjustments related to financial expenses	25,519,357	20,655,457
Adjustments related to financial income	(22,642)	-
Adjustments to unrealised foreign translation differences	6,647,640	11,687,580
Other adjustments related to reconciliation of profit or loss	-	(341,765)
Changes in net working capital	(44,946,453)	(23,166,007)
Adjustments related to decrease/(increase) in trade receivables	(27,911,240)	(13,934,269)
Adjustments related to decrease/(increase) in inventories	(34,237,286)	(15,551,229)
Adjustments related to decrease/(increase) in prepaid expenses	(19,042,189)	3,897,454
Adjustments related to decrease/(increase) in other current assets related with operations	(10,593,538)	313,947
Adjustments related to increase/(decrease) in trade payables	63,243,386	2,991,809
Adjustments related to decrease/(increase) in other liabilities related with operations	12,659,089	4,714,707
Increase/(decrease) in deferred revenue	(29,064,675)	(5,598,426)
Cash outflows from operations	32,474,174	11,395,577
Employee termination benefits paid	(1,409,665)	(2,399,542)
Payments for other provisions	(834,357)	(2,343,506)
Taxes paid	(60,634)	-
A. Cash outflows from operating activities	30,169,518	6,652,529
Interest received	22,642	11,873
Cash outflows from purchases of tangible and intangible assets	(23,027,043)	(12,653,436)
Proceeds from disposal of property, equipment and intangible assets	398,048	287,655
B. Cash outflows from investing activities	(22,606,353)	(12,353,908)
Interest paid	(24,823,935)	(20,667,330)
Proceeds from bank borrowings	172,756,789	171,839,548
Cash outflows due to the payments of bank borrowings	(151,277,189)	(151,657,176)
Proceeds from related parties	1,109,111	-
C. Cash outflows from financing activities	(2,235,224)	(484,958)
Net increase/(decrease) in cash and cash equivalents	5,327,941	(6,186,337)
Cash and cash equivalents at the beginning of the period	737,786	7,177,720
Cash and cash equivalents at the end of the period	6,065,727	991,383

The accompanying notes form an integral part of this condensed consolidated interim financial information.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Registered head office:

İdealtepe Mahallesi Rıfki Tongsir Caddesi No:107/ Küçükyalı, Maltepe - İstanbul.

Traded market:

The Company is registered in Capital Market Board ("CMB") and its shares have been traded in Borsa İstanbul A.Ş. ("BİST") since 1990 (formerly known as "Istanbul Stock Exchange") under the name DGKLB. As of 30 September 2017, 7.89% of its shares are open for trading

Nature of operations:

The main operating segment is production and sale of furnitures.

The Company's production facilities are at Doğanlı Köyü 9. km Düzce and İdriskoru Köyü Hacıvenez Mevkii No: 29 Biga Çanakkale and both locations are owned by the Company itself.

Kelebek Mobilya ve Kontrplak Sanayi A.Ş. was founded in Istanbul in 1935. Legal name of the Company which were Kelebek Mobilya ve Kontrplak Sanayi A.Ş. has been changed to Kelebek Mobilya Sanayi ve Ticaret A.Ş. by the decision taken in extraordinary general assembly meeting dated 12 December 2003 and registered to Trade Registry Gazette of Turkey on 29 December 2003.

3K Mobilya Dekorasyon San. Ve Tic. A.Ş. ("3K"), a subsidiary of the Company, constitutes stores chain for sales of furniture and fixtures and trade goods since 2006. In 2013, the Company has closed its stores (8 units) owned by its affiliate 3K to the stewards. Other subsidiary of the Company 2K Oturma Grupları İnşaat Taahhüt Sanayi ve Ticaret A.Ş. were terminated as of 28 March 2007 and the production facility was closed.

Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama"), a subsidiary was established in 1996 and opened in Turkey as Doğtaş Kelebek Mobilya ve Sanayi Ticaret A.Ş. to sells and markets furniture and sofa groups and commercial products produced by the Company. Doğtaş Pazarlama has no branches in Turkey on 30 September 2017 (31 December 2016: None).

Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. ("Doğtaş İmalat") acquired 67% shares of Kelebek Mobilya Sanayi ve Ticaret A.Ş. on 6 September 2012.

In 2013, the merger transaction has been completed in accordance with Turkish Commercial Code Law No. 6102 clause 136 and other merger related clauses in which were Corporate Tax Law article 18,19,20, Capital Markets Law from the identifiable net assets of Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. as at 31 December 2013. The merger transaction has been registered on 21 October 2013 and the legal name of the Company changed as Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 8 November 2017.

The shareholding structure of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. as of 30 September 2017 and 31 December 2016 is as follows:

Shareholder	30 September 2017		31 December 2016	
	TRY	Proportion of ownership (%)	TRY	Proportion of ownership (%)
International Furniture B.V.	96,284,884	46.05	96,284,884	46.05
Davut Doğan	16,047,503	7.68	16,047,503	7.68
Adnan Doğan	16,047,484	7.68	16,047,484	7.68
Şadan Doğan	16,047,474	7.68	16,047,474	7.68
İsmail Doğan	16,047,474	7.68	16,047,474	7.68
İlhan Doğan	16,047,474	7.68	16,047,474	7.68
Murat Doğan	16,047,474	7.68	16,047,474	7.68
Other	16,500,000	7.89	16,500,000	7.89
	209,069,767	100	209,069,767	100

As of 30 September 2017 and 31 December 2016, the paid-in share capital of the Company is TRY209,069,767. However, the portion of the capital amounting to TRY159,069,767 is attributable to Doğan Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş. during the merger.

As at 30 September 2017, the number of employees of the Company and its subsidiaries (collectively referred to as the "Group") is 1,500 (31 December 2016: 1,300).

The subsidiaries within the Group and their nature of operations are as follows:

Subsidiaries	Registered country	Nature of operation
Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama")	Turkey	Sales and marketing of furniture
Doğtaş Bulgaria Eood ("Doğtaş Bulgaria")	Bulgaria	Sales and marketing of furniture
Doğtaş Holland B.V. ("Doğtaş Holland")	Nederland	Sales and marketing of furniture
Doğtaş Germany GmbH ("Doğtaş Germany")	Germany	Sales and marketing of furniture
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş. ("2K")	Turkey	Sales of sitting group
3K Mobilya Dekor. San. ve Tic. A.Ş. ("3K")	Turkey	Furniture decoration

The Company's subsidiaries, Doğtaş Holland B.V., Doğtaş Bulgaria Eood and Doğtaş Germany GmbH have been determined as immaterial subsidiaries with respect to the consolidated financial statements by the Group management and classified under available-for-sale financial assets in the condensed consolidated interim financial statements.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Adequacy of the Company's share capital under the Turkish Commercial Code:

As a result of the merger between Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş. in 2013, share capital reached to TRY209,069,767 and while the share capital of the Company were increased to TRY159,069,767 “Reverse Merger Differences” account was charged at the same amount, with respect to Series I, No. 31 of the Communiqué on Principles Regarding Merger Transactions. Such entries were recorded under the books prepared in accordance with Turkish Commercial Code and Capital Market.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The condensed interim consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 2 June 2016 by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) and the format and mandatory information recommended.

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

The Group and its subsidiaries registered in Turkey maintain their accounting records and prepares their statutory financial statements in accordance with the principles issued by CMB, the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiary maintains its books of account in accordance with the laws and regulations in force in the countries in which they are registered. These condensed interim consolidated financial statements have been prepared under historical cost conventions except for financial assets which are carried at fair value. The condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.1.2 Comparatives and restatement of prior periods’ financial statements

The condensed consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period condensed consolidated financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended Turkish Financial Reporting Standards

a) *The new standards, amendments to published standards and interpretations applicable to 30 September 2017:*

- Amendments to TAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.
- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2017. These amendments impact 3 standards:
 - TFRS 1, ‘First-time adoption of TFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
 - TFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - TAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

b) *The new standards, amendments and interpretations that are issued but not effective as of 30 September 2017:*

- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- TFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to TFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

b) *The new standards, amendments and interpretations that are issued but not effective as of 30 September 2017: (Continued)*

- TFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to TFRS 4, ‘Insurance contracts’ regarding the implementation of TFRS 9, ‘Financial Instruments’, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.
- Amendment to TAS 40, Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Amendments to TFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- TFRS 17, ‘Insurance contracts’, effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

b) *The new standards, amendments and interpretations that are issued but not effective as of 30 September 2017:*

- IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- IFRIC 23, ‘Uncertainty over income tax treatments’, effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective dates.

2.3 Changes in accounting policies, estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated interim financial statements.

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

As of 30 September 2017, there are no significant accounting errors that the Group has identified in the accounting policies.

2.4 Summary of significant accounting policies

2.4.1 Basis of consolidation

In accordance with the TAS 34, entities are allowed to prepare a complete or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2016.

Condensed consolidated interim financial statements include the financial statements of the companies controlled by the Group in Note 1. The necessary adjustments have been made to eliminate between group companies sales and purchases, between group receivables and payables and intra-group capital and subsidiaries.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD

1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.4.1 Basis of consolidation

Subsidiaries are companies over which the Company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, and/or as a result of agreements by certain the Company members and companies owned by them whereby the Company exercises control over the ownership interest of the shares held by them; (c) otherwise the power to exercise control over the financial and operating policies.

The table below sets out the voting rights and effective interest rates of the subsidiaries:

Subsidiaries	30 September 2017		31 December 2016	
	Direct and indirect ownership interest by the Group(%)	Proportion of effective interest(%)	Direct and indirect ownership interest by the Group(%)	Proportion of effective interest(%)
Doğtaş Pazarlama	100.00	100.00	100.00	100.00
2K	100.00	100.00	100.00	100.00
3K	100.00	100.00	100.00	100.00

The Group fully consolidated the individual income and expenses and assets and liabilities. Investment in subsidiaries are eliminated with the capital of the subsidiaries invested.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2.5 Going concern

The condensed consolidated interim financial statements were prepared under the going concern assumption.

The Group incurred high cost of financing and investing activities primarily due to its strategy which was based on rapid growing and increasing its market share through external borrowings. As at 30 September 2017, the Group's current liabilities exceeded its current assets by TRY54,482,952 (31 December 2016: TRY83,211,075). Within this context the Group management took below precautions:

In the subsequent period of these consolidated financial statements, the Group have come to an agreement for housing-furniture projects which have a total contract amount TRY46,145,911. Furthermore, decrease in value added tax ratio from 18% to 8% terminated as of 30 September 2017.

It is expected that the precautions determined by the Group and regulations regarding the market is going to have TRY39,845,602 positive effect to operating profit in 2017, with respect to 2017 budget which were approved by the Board of Directors.

Furthermore, the Group has generated TRY75,491,732 operating profit in the condensed consolidated interim statement of profit or loss for six-month period ended 30 September 2017 (31 December 2016: TRY6,337,740). In addition, the Group accounted profit before interest, tax and depreciation amounting to TRY90,796,134 in nine-month period ended 30 September 2017 (Note 10).

Accordingly, management believes that the Group will be able to continue its operations in the foreseeable future.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting estimates and assumptions

2.6.1 Revaluation of land, land improvements buildings and machinery and equipment

Land, land improvements and buildings that were revalued at 31 December 2016 by independent external valuers, were recorded on determined fair values on the consolidated financial statements. The fair value assessments of machinery and equipment were made as of 31 March 2017 and presented in the financial information. The frequency of revaluation operations is determined to ensure that the carrying amounts of the revalued tangible assets are not significantly different from their fair values at the end of the reporting period. The frequency of revaluation depends on the change in the fair value of property, plant and equipment. In cases where it is believed that the revalued amount is significantly different from the carrying amount of the revalued amount, it is necessary to repeat the revaluation and the assessment is performed for the entire asset level with revalued assets at the same date. Besides, it is not considered necessary to repeat the revaluation for tangible assets whose fair value changes are insignificant.

There are various calculation methods to estimate best fair value calculation as follows:

- The fair value comparison method are found to be comparable to the new market with similar features in the existing market, to apply appropriate comparison procedures and to make various adjustments in comparable selling price.
- The fair value of buildings, land and land improvements are calculated in deference to amortisation and reconstruction cost on cost approach method.

The values that may occur during the realization of the purchase and sales transaction may differ from these values.

The values are determined by cost approach method are assessed as to whether or not there is any indication of impairment according to TAS 36 "Impairment of Assets" standard at the date of first presentation of the financial statements in the consolidated financial statements and related period ends.

2.6.2 Taxation on income

Deferred income tax assets are recognized to extent that the realisation of the related tax benefit through the future taxable profits is probable. Deferred income tax assets are recognized for tax losses carried forward and unused investment incentives to extent that the realisation of the related tax benefit is probable.

As at 30 September 2017, the Group recognised deferred income tax assets amounting to TRY29,153,617 (31 December 2016:TRY65,428,578) over the carryforward tax losses amounting to TRY5,830,723 (31 December 2016: TRY13,085,716).

The Group management estimated that carryforward tax losses amounting to TRY29,153,617 will be utilized considering its budgeted financial statements which were prepared in accordance with the approved 5-years business plan.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals	Revaluation reserves	30 September 2017
Cost:					
Lands	43,773,000	-	-	-	43,773,000
Land improvements and buildings	77,882,324	74,099	-	-	77,956,423
Machinery, plant and equipment	75,917,058	1,090,426	(578,776)	37,863,429	114,292,137
Vehicles	1,486,795	-	(373,001)	-	1,113,794
Furniture and fixtures	45,717,698	7,788,599	(1,833)	-	53,504,464
Leasehold improvements	27,696,904	1,368,930	-	-	29,065,834
Construction in progress	3,135,143	11,320,391	-	-	14,455,535
	275,608,922	21,642,445	(953,610)	37,863,429	334,161,187
Accumulated depreciation:					
Land improvements and buildings	(17,805,324)	(1,593,918)	-	-	(19,399,242)
Machinery, plant and equipment	(44,659,338)	(1,279,262)	578,776	-	(45,359,824)
Vehicles	(1,486,795)	-	373,001	-	(1,113,794)
Furniture and fixtures	(27,789,491)	(4,321,602)	1,833	-	(32,109,260)
Leasehold improvements	(11,789,303)	(3,885,854)	-	-	(15,675,157)
	(103,530,251)	(11,080,636)	953,610	-	(113,657,277)
Net book value	172,078,671				220,503,910

As at 30 September 2017, total mortgages on property, plant and equipment of the Group amounting to EUR70,000,000 and TRY60,000,000 (31 December 2016: EUR70,000,000 and TRY22,500,000).

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Revaluation reserves	30 September 2016
Cost:					
Lands	31,773,097	-	-	-	31,773,097
Land improvements and buildings	61,241,460	417,000	-	-	61,658,460
Machinery, plant and equipment	74,767,138	341,574	(18,052)	824,398	75,915,058
Vehicles	1,949,995	-	(463,200)	-	1,486,795
Furniture and fixtures	39,723,063	2,904,137	-	-	42,627,200
Leasehold improvements	23,200,172	2,904,008	-	-	26,104,180
Construction in progress	5,518,949	3,526,614	-	(824,398)	8,221,165
	238,173,874	10,093,333	(481,252)	-	247,785,955
Accumulated depreciation:					
Land improvements and buildings	(15,858,191)	(820,963)	-	-	(16,679,154)
Machinery, plant and equipment	(42,601,507)	(1,342,185)	18,052	-	(43,925,640)
Vehicles	(1,980,538)	(49,965)	463,200	-	(1,567,303)
Furniture and fixtures	(23,120,052)	(3,375,613)	-	-	(26,495,665)
Leasehold improvements	(7,276,805)	(3,383,926)	-	-	(10,660,731)
	(90,837,093)	(8,972,652)	481,252	-	(99,328,493)
Net book value	147,336,781				148,457,462

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 4 - BORROWINGS

The details of the borrowings as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017		
	Effective interest rate per annum (%)	Original currency	TRY
Short-term borrowings:			
EUR denominated bank borrowings	2-6	9,158,678	38,396,841
TRY denominated bank borrowings	3-17	52,148,218	52,148,218
			90,545,059
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	2-6	9,563,250	40,092,971
TRY denominated bank borrowings	3-17	13,018,562	13,018,562
			53,111,533
Total short-term borrowings			143,656,592
Long-term bank borrowings:			
EUR denominated bank borrowings	2-6	20,580,774	86,282,838
TRY denominated bank borrowings	3-17	27,825,745	27,825,745
Total long-term borrowings			114,108,583
Total bank borrowings			257,765,175
	31 December 2016		
	Effective interest rate per annum (%)	Original currency	TRY
Short-term borrowings:			
EUR denominated bank borrowings	0.75 - 5.52	16,558,668	61,431,002
TRY denominated bank borrowings	13.75 - 15.80	33,773,129	33,773,129
			95,204,131
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	0.75 - 5.52	11,456,645	42,503,009
Total short-term borrowings			137,707,140
Long-term bank borrowings:			
EUR denominated bank borrowings	0.75 - 5.52	24,592,407	91,235,372
Total bank borrowings			228,942,512

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 4 - BORROWINGS (Continued)

The redemption schedule of borrowings as at 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Up to 3 months	71,419,022	79,829,059
3 - 12 months	71,205,445	57,878,081
1 - 5 years	115,140,707	91,235,372
	257,765,175	228,942,512

NOTE 5 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	30 September 2017	31 December 2016
Provision for litigations	1,309,970	887,798
Provision for warranty expenses	1,926,248	669,879
Provision for project expenses	17,992	628,094
	3,254,210	2,185,771

Long-term provisions

	30 September 2017	31 December 2016
Provision for warranty expenses	1,866,395	832,676

Contingent assets and liabilities:

As at 30 September 2017, total mortgages on property, plant and equipment of the Group amounting to EUR70,000,000 and TRY60,000,000 (31 December 2016: EUR70,000,000 and TRY22,500,000).

Details of guarantees received and given is presented below:

Guarantees given

	30 September 2017	31 December 2016
Letters of guarantees given (*)	353,468,000	282,193,000
Letters of guarantees given to government agency (**)	101,511,175	103,087,036
Letters of guarantees given to customers	2,790,313	1,769,566
Letters of guarantees given to suppliers	1,555,921	589,438
	459,325,409	387,639,040

(*) Mortgages on property, plant and equipment are related to loans used for purchasing and financing purposes.

(**) Consists of letters of guarantees given to Türkiye İhracat Kredi Bankası A.Ş. with respect to loans used mainly.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD

1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 5 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received

	30 September 2017	31 December 2016
Letter of guarantees received from franchisees	71,241,037	100,932,235
Mortgages received from domestic franchisees	17,648,465	17,916,135
Mortgages received from foreign franchisees	9,477,567	7,804,616
	98,367,069	126,652,986

Details of guarantees, mortgages and pledges given by the Group as at 30 September 2017 and 31 December 2016 is presented as follows:

	30 September 2017	31 December 2016
Total amount of guarantees, pledges and mortgages given on behalf of its own legal name	459,325,409	395,531,585

The GPMs given by the Group comprise of letter of guarantees on behalf of its own legal name. Below GPMs were given by the Group:

- On behalf of associates that are included to full consolidation
- On behalf of third parties to conduct business activities
- On behalf of majority shareholder
- On behalf of other group companies which are not included in item A and B
- On behalf of third parties which are not covered by item B

The total number of ordinary shares of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. is 19,256,976,700 with a par value of TRY0.01 and all is pledged due to the Group's borrowings on 30 September 2017 and 31 December 2016. Furthermore, Doğtaş Pazarlama is under commercial pledge with regard to the aforementioned borrowing (Note 12).

Total insurance value on property, plant and equipment and inventories is TRY118,259,300 and TRY156,000,000 respectively (31 December 2016: property, plant and equipment: TRY69,362,700 and inventories: TRY42,684,000, respectively).

As of 30 September 2017, the Group presented its negotiated cheques amounting to TRY81,935,763 by offsetting against trade payables. (31 December 2016: TRY93,729,530).

Operating leases

The future payments for operational leases that can not be canceled are as follows:

	30 September 2017	31 December 2016
Up to 1 year	242,750	348,000
1 - 2 years	242,750	348,000
	485,500	696,000

As of 30 September 2017, the Group has recognised an operating lease amounting to TRY159,500 (31 December 2016: TRY700,000) in the consolidated statement of profit or loss.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD

1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 6 - TAX ASSETS AND LIABILITIES

Provision for current income tax:

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements, which include its subsidiaries, joint ventures and associates. Therefore, tax considerations reflected in consolidated financial statements have been calculated on a separate-entity basis.

The Turkish corporation tax rate for 30 September 2017 is 20% (31 December 2016: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following:

	30 September 2017	31 December 2016
Prepaid taxes (-)	(217,109)	(156,475)
Current income tax assets (-)	(217,109)	(156,475)

Taxation on income in the consolidated interim income statements are as follows:

	30 September 2017	31 December 2016
Current tax expense	-	-
Deferred tax income/(expense)	(5,971,676)	2,460,130
	(5,971,676)	2,460,130

Corporate tax

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements, which include its subsidiaries. Therefore, tax considerations reflected in consolidated financial statements have been calculated on a separate-entity basis.

The Law on Institutions Tax has been amended by Law No. 5520 dated 13 June 2006. In other words, many of the provisions of the New Corporation Tax Act numbered 5520 have entered into force as of January 1, 2006. According to this, in Turkey, the rate of corporate tax is 20% for 2017 (2016: 20%).

Corporation tax is payable at a rate of 20% on the total income of each local company after adjusting for certain disallowable expenses, exempt income and allowances.

Corporation tax rate is applied to the tax base that will result in deducting expenses that are not accepted as deductible according to the tax legislation of the corporation's commercial income, deduction in the tax laws (exemption of participation profits etc.) and deductions (such as deduction). No further tax is payable if the profit is not distributed.

Dividends paid to non-resident corporations which have a place of business in Turkey and for resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital resulting from issuing bonus shares is not considered a profit distribution and thus does not incur withholding tax.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD

1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 6 - TAX ASSETS AND LIABILITIES (Continued)

Corporations are required to declare a provisional tax of 20% on their quarterly financial profits and pay till the 10th day of the second month following that period and pay till the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

There is no practice to reconcile with the tax authority on the taxes payable in Turkey. The corporation tax returns are given to the tax attached until the evening of the 25th day of the fourth month following the close of the accounting period.

Authorities may review the accounting records for a period of five years retroactively and may change the tax amounts due to the tax assessment that arises if an incorrect transaction is detected.

According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the period corporate income for not more than 5 years. However, financial losses can not be deducted from retained earnings.

Investment allowance regime was applied in Turkey for many years and calculated with 40% of property plant and purchases acquisitions exceeding a certain amount was abolished by Law No 5479 dated 30 March 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct following investment allowance amounts which they could not offset against 2005 gains which were present at 31 December 2005:

- a) Investment amounts, within the scope of addendum 1, 2, 3, 4, 5 and 6 of Income Tax Law no: 193, which were started before abolishment of aforementioned Income Tax Law by Law no: 4842 dated 9 April 2003
- b) Incentives based on investments which were calculated in accordance with the legislation as at 31 December 2015 and formed an economic and technical integrity with the investment started before 1 January 2006 within the scope of abrogated 19th article of Income Tax Law no: 193, can be deducted from income related to the years 2006, 2007 and 2008.

Deferred tax:

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and their statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method using an enacted tax rate.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 6 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/liabilities provided using enacted tax rates as at 30 September 2017 and 31 December 2016 are as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Deferred tax asset:				
Carryforward tax losses	29,153,617	65,428,578	5,830,723	13,085,716
Investment incentives	13,382,640	13,382,640	2,676,528	2,676,528
Provision for doubtful receivables	8,877,125	9,037,307	1,775,425	1,807,461
Provision for unused vacation	3,823,216	2,566,228	764,643	513,246
Provision for warranty	3,792,643	1,502,555	758,529	300,511
Provision for employment termination benefit	1,046,309	2,082,327	209,262	416,465
Provision for litigations	1,309,970	887,798	261,994	177,560
Other	-	247,852	-	49,570
			12,277,104	19,027,057
Deferred tax liabilities:				
Tangible and intangible assets	(147,685,318)	(96,882,565)	(25,491,742)	(19,376,513)
Cut-off	(6,081,380)	(2,685,479)	(1,216,276)	(537,096)
			(26,708,018)	(19,913,609)
Deferred tax liabilities, net			(14,430,914)	(886,552)

The reconciliation of tax expense stated in the consolidated income statements is as follows:

	30 September 2017	30 September 2016
Profit/(Loss) before tax	26,683,029	(10,218,560)
Tax calculated at enacted tax rate	(5,336,606)	2,043,712
Non-deductible expenses	(555,154)	(334,839)
Other	(79,916)	350,661
Total tax (expense)/income	(5,971,676)	2,059,534

Deferred income tax assets are recognized for tax losses carried forward to extent that the realization of the related tax benefit through the future taxable profits is probable.

As at 30 September 2017, the Group has recognised deferred income tax assets amounting to TRY5,830,723 (31 December 2016: TRY13,085,716) over the carry forward tax losses amounting to TRY29,153,617 (31 December 2016: TRY65,428,578) in the consolidated interim financial statements.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 6 - TAX ASSETS AND LIABILITIES (Continued)

The expiration dates of such carry forward tax losses are as follows:

	30 September 2017	31 December 2016
2018	-	579,703
2019	-	7,187,347
2020	-	16,470,292
2021	29,153,617	41,191,236
	29,153,617	65,428,578

Movements in deferred income taxes are as follows:

	2017	2016
1 January	(886,552)	654,674
(Charged)/Credited to statement of profit or loss	(5,971,676)	2,059,534
(Charged)/Credited to statement of other comprehensive income	(7,572,686)	278,802
30 September	(14,430,914)	2,993,010

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Trade receivables and payables due from related parties as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Due from related parties:		
Doğanlar Lojistik İnş. Gıda San. Tic. A.Ş.	4,988,427	-
Doğtaş Germany GmbH	2,801,728	1,653,592
Doğanlar Yatırım Holding A.Ş.	2,328,611	-
Doğtaş Bulgaria Eood	587,899	515,296
Doğtaş Holland B.V.	577,004	510,597
International Furniture B.V.	176,774	103,940
Other	558,284	413,942
	12,018,727	3,197,367
Due to related parties:		
Real person shareholders	10,758,306	-
Doğan Kent Elektrik Enerjisi Toptan Satış A.Ş.	146,710	-
	10,905,016	-

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Rendered of goods and services to related parties as at 30 September 2017 and 2016 are as follows:

Sales and services rendered:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Doğanlar Yatırım Holding A.Ş.	4,654,071	4,631,087	226,683	-
Doğanlar Lojistik.	4,618,914	4,618,914	-	-
Doğtaş Germany GmbH	562,378	91,129	789,262	232,438
Other	48,230	30,696	39,617	16,693
	9,883,593	9,371,826	1,055,562	249,131

c) Purchase and of goods and services to related parties as of 30 September 2017 and 2016 are as follows:

Sales and services purchased:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Doğan Kent Elektrik Enerjisi Toptan Satış A.Ş.	2,173,699	694,240	2,616,051	2,616,051
Doğanlar Yatırım Holding A.Ş.	977,118	91,500	386,108	31,500
Doğan Çifilik Tarım Hayvancılık Gıda San.ve Tic.A.Ş.	-	-	5,094	2,320
Other	-	-	4,941	-
	3,150,817	785,740	3,012,194	2,649,871

d) Key management compensation:

	30 September 2017	31 December 2016
Short-term compensation	3,175,490	4,947,714
	3,175,490	4,947,714

The Group has determined key management personnel as the chairman, members of the Board of Directors and general manager of the Company. All of the benefits provided to management personnel as the chairman, members of the Board of Directors and general manager of the Company are short term benefits. There are no post-employment benefits, other long term benefits and share-based payments as at 30 September 2017 and 31 December 2016.

NOTE 8 - FINANCIAL RISK MANAGEMENT

Credit Risk

In connection with trade receivables arising from credit sales and deposits held in the banks, the Group is exposed to credit risk.

Credit risk is managed on Group and entity basis, except for credit risk relating to accounts receivable balances. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The management assesses the credit quality of its customers, taking into account financial position, past experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

	Receivables				Cash and Cash equivalents	Derivative financial instruments
	Trade		Other			
	Due from related parties	Other	Due from related parties	Other		
Maximum exposure to credit risk for financial assets						
Maximum exposure to credit risk as of 30 September 2017 (A+B+C+D+E)	12,018,727	95,089,024	-	4,258,005	6,065,727	-
A. Neither past due nor impaired	12,018,727	29,136,486	-	4,258,005	6,065,727	-
B. Restructured	-	-	-	-	-	-
C. Past due but not impaired	-	65,952,538	-	-	-	-
D. Impaired	-	-	-	-	-	-
- Past due	-	-	-	-	-	-
- Gross carrying amount	-	19,996,046	-	-	-	-
- Impairment (-)	-	(19,996,046)	-	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-	-
- Not past due	-	-	-	-	-	-
- Gross carrying amount	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-	-
E. Cumulative impairment (-)	-	-	-	-	-	-
Maximum exposure to credit risk as of 31 December 2016 (A+B+C+D+E)	3,197,367	77,917,009	-	3,971,252	737,786	-
A. Neither past due nor impaired	3,197,367	58,262,360	-	3,971,252	737,786	-
B. Restructured	-	-	-	-	-	-
C. Past due but not impaired	-	19,654,649	-	-	-	-
D. Impaired	-	-	-	-	-	-
- Past due	-	-	-	-	-	-
- Gross carrying amount	-	18,594,824	-	-	-	-
- Impairment (-)	-	(18,594,824)	-	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-	-
- Not past due	-	-	-	-	-	-
- Gross carrying amount	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-	-
E. Cumulative impairment (-)	-	-	-	-	-	-

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

Aging analysis of past due but not impaired trade receivables are as follows:

	30 September 2017	31 December 2016
Less than 30 days	41,260,801	1,838,230
30 - 119 days	5,432,531	3,866,457
120 - 179 day	12,675,907	4,289,204
180 days and over	6,583,299	9,660,758
	65,952,538	19,654,649

Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the short-term liabilities.

Contractual cash flows of the financial liabilities of the Group as at 30 September 2017 and 31 December 2016 are as follows:

30 September 2017	Demand or up to 3 months	3-12 month	1-5 years	Total
Non-derivative instruments				
Borrowings	71,419,022	72,642,011	115,140,708	259,201,741
Trade payables	86,737,304	102,738,371	-	189,475,675
<i>Third parties</i>	86,737,304	102,738,371	-	189,475,675
Other payables	-	12,084,476	547,494	12,631,970
<i>Related parties</i>	-	10,905,016	-	10,905,016
<i>Third parties</i>	-	1,179,460	547,494	1,726,954
	158,156,326	187,464,858	115,688,202	461,309,386

31 December 2016	Demand or up to 3 months	3-12 month	1-5 years	Total
Non-derivate instruments				
Borrowings	83,496,697	66,771,803	106,147,113	256,415,613
Trade payables	105,628,402	26,328,943	-	131,957,345
<i>Related parties</i>	70,349	-	-	70,349
<i>Third parties</i>	105,558,053	26,328,943	-	131,886,996
Other payables	-	975,118	906,312	1,881,430
<i>Third parties</i>	-	975,118	906,312	1,881,430
	189,125,099	94,075,864	107,053,425	390,254,388

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD

1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Risk

The Group manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

Interest rate positions are as follows:

	30 September 2017	31 December 2016
<u>Financial instruments with fixed interest rates</u>		
Finansal liabilities	131,389,365	51,872,854
<u>Financial instruments with floating interest rates</u>		
Finansal liabilities	126,375,810	174,970,388

Foreign Exchange Risk

As the functional currency of the Group is TRY, the Group monitors its foreign exchange risk by analysing the foreign currency denominated (mainly USD and EUR) assets and liabilities. The Group defines the foreign currency risk as the mismatch between foreign currency denominated assets and liabilities.

Foreign currency denominated assets and liabilities as of 30 September 2017 and 31 December 2016 is set out in the table below:

	30 September 2017	31 December 2016
USD	3.5521	3.5192
EUR	4.1924	3.7099

The Group is exposed to currency risk in USD and EUR.

Foreign currency position

Assets and liabilities denominated in foreign currency held by the Group are as follows:

	30 September 2017	31 December 2016
Assets	35,415,527	28,717,457
Liabilities	(165,744,874)	(146,140,794)
Net foreign currency position	(130,329,347)	(117,423,337)

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group are as follows:

30 September 2017		Foreign currency position TRY equivalent (functional currency)	USD	EUR	Other
1.	Trade receivables	35,096,701	1,731,738	6,904,254	-
2a.	Monetary financial assets, (cash and banks account included)	318,826	39,151	42,877	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	35,415,527	1,770,889	6,947,131	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	35,415,527	1,770,889	6,947,131	-
10.	Trade payables	(972,226)	-	(231,902)	-
11.	Financial liabilities	(78,489,811)	-	(18,721,928)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(79,462,037)	-	(18,953,830)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(86,282,837)	-	(20,580,774)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(86,282,837)	-	(20,580,774)	-
18.	Total liabilities (13+17)	(170,066,614)	-	(39,534,604)	-
19.	Net assets of off balance sheet derivative items (liability) position (19a-19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign monetary assets/(liabilities) position (9+18+19)	(130,329,347)	1,770,889	(32,587,473)	-
21.	Net foreign currency asset / (liability) position of monetary items (=1+2a+3+5+6a+10+11+12a+14+15+16a)	(130,329,347)	1,770,889	(32,587,473)	-
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	33,922,896	3,296,543	5,298,456	-
24.	Import	12,934,903	755,754	2,444,993	-

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2016		Foreign currency position TRY equivalent (functional currency)			
		USD	EUR	Other	
1.	Trade receivables	28,699,767	1,516,181	6,297,750	-
2a.	Monetary financial assets, (cash and banks account included)	17,690	1,061	3,761	-
2b.	Non-Monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	28,717,457	1,517,242	6,301,511	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-Monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-Current Assets (5+6+7)	-	-	-	-
9.	Total asset (4+8)	28,717,457	1,517,242	6,301,511	-
10.	Trade payables	(718,608)	-	(193,700)	-
11.	Financial liabilities	(56,925,965)	-	(15,344,339)	-
12a.	Other monetary liabilities	-	-	(1,141,248)	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current Liabilities (10+11+12)	(57,644,573)	-	(16,679,287)	-
14.	Trade payables	-	-	-	-
15.	Financial Liabilities	(88,496,221)	-	(23,854,072)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(88,496,221)	-	(23,854,072)	-
18.	Total liabilities (13+17)	(146,140,794)	-	(40,533,359)	-
19.	Net assets of off balance sheet	-	-	-	-
	derivative items (liability) position (19a-19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign assets / (liability) position (9+18+19)	(117,423,337)	1,517,242	(34,231,848)	-
21.	Net foreign currency asset / (liability) position of monetary items (=1+2a+3+5+6a+10+11+12a+14+15+16a)	(117,423,337)	1,517,242	(34,231,848)	-
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	37,353,252	2,833,513	7,380,671	-
24.	Import	9,636,139	501,823	2,121,384	-

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2017**

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

NOTE 8 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 September 2017, if USD had appreciated/depreciated by 10% against TRY, with all other variables held constant, loss before taxation on income would have been TRY629,037 lower/ higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign currency position. (31 December 2016: TRY533,948)

As of 30 September 2017, if EUR had appreciated/depreciated by 10% against TRY, with all other variables held constant, loss before taxation on income would have been TRY13,661,972 lower/ higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign currency position. (31 December 2016: TRY12,699,673)

Capital risk management

In capital management, the Group aims to enable continuity of the Group’s operations and to maintain the most suitable capital structure so as to provide earnings to its partners and benefits to other shareholders and to decrease capital cost.

In order to maintain or re-arrange the capital structure, the Group may change the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares, and sell its assets in order to decrease the level of its borrowings.

NOTE 9 - FINANCIAL INSTRUMENTS ADDITIONAL DISCLOSURES

Fair value is the amount at which a financial instrument can be traded in a transaction involving the parties other than forced sale or liquidation. If so, the market price best reflects the fair value.

The Group has determined the estimated fair values of the financial instruments using available market information and appropriate valuation methods. However, evaluating market information and estimating real values requires interpretation and judgment. Consequently, the estimates presented herein are not necessarily indicative of the Group's ability to derive value in a current market transaction.

Fair value of financial instruments

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

Financial assets - Due to their short-term nature and being subject to insignificant credit risk, it is considered that they are close to the fair values of cash and cash equivalents and the carrying values of accrued interest and other financial assets. The carrying amount of trade receivables is considered to approximate their fair value when the provision for doubtful receivables is deducted.

Financial liabilities - Trade payables and other monetary liabilities are considered to approximate their carrying values due to their short-term nature. Bank loans are stated at amortised cost and transaction costs are added to the initial cost of the loans. Long-term Euro bank loans are considered to be worthy of their fair value because their interest rates have been updated to reflect changing market conditions. Short term fixed rate TRY loans are assumed to reflect fair value because their maturity is short.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 10 - ADDITIONAL DISCLOSURES THAT ARE NOT REQUIRED UNDER TAS

EBITDA, are not defined by TAS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by TAS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

	1 January - 30 September 2017	1 January - 30 September 2016
Net profit/(loss) for the period	20,711,353	(8,159,026)
Tax	5,971,676	(2,059,534)
Financial income	(25,256,809)	(11,552,108)
Financial expense	74,463,560	43,597,455
Depreciation	13,275,719	10,153,219
Provision for employment termination benefit	373,647	2,415,492
Provision for unused vacation liabilities	1,256,988	(790,854)
EBITDA	90,796,134	33,604,644

NOTE 11 - EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average of the number of shares of common stock outstanding during the fiscal year excluding the ownership interest in the equity shares issued and repurchased by the shareholders of equity shares issued during the year:

	30 September 2017	30 September 2016
Net income or loss attributable to the owners of the parent	20,711,353	(8,159,026)
Weighted average number of shares in issue	20,552,245,211	20,903,445,487
Earning/(loss) per share	0,0010	(0,0004)

NOTE 12 - SUBSEQUENT EVENTS

On 19 October 2017, International Furniture BV, a shareholder of the Company, sold its 42.10% shares in the Company which were amounting to TRY88,034,883 in nominal, to various investors and price per share were determined TRY3.80. There are no pledges or guarantees on aforementioned shares.