



sarkuysan

Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

ANNUAL REPORT 2017

the power that gives life to copper...

AGENDA OF THE ORDINARY

GENERAL ASSEMBLY MEETING

CONTENTS

Date : April 6th, 2018 **Time:** 2:30 PM

Venue : Company Headquarters, Emek Mahallesi

Aşıroğlu Caddesi No: 147, 41700 Darıca/Kocaeli

1. Opening and establishing the Chairmanship of the Meeting,
2. Assigning authority to the Meeting Chairman to sign the Minutes of Meeting for the General Assembly and the attendance list,
3. Reading and discussing the Annual Report prepared by the Board of Directors for 2017,
4. Reading the Independent Audit Report for 2017,
5. Reading, discussing and approval of the consolidated financial statements for 2017,
6. Releasing the Members of the Board from the activities of the company held in 2017,
7. Discussing and deciding on how the 2017 term profits are to be used, the proportions of profits and dividend shares to be distributed and the dates of distribution,
8. Providing information to the shareholders on the bonds, securities and mortgages given by the company in favour of the 3rd parties,
9. Providing information to the shareholders on the donations and aids given in 2017 in terms of social assistance and deciding on an upper limit for the donations and aids to be given in 2018 in accordance with the Capital Market Board regulations,
10. Providing information to the shareholders concerning the principles of remuneration for the Members of the Board and the Senior Executives in accordance with the Capital Markets Board regulations
11. Approval of the Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. (Güreli Certified Public Accountant and Independent Auditing Services Co.) chosen for a term of one year by the Board of Directors to conduct independent audits in the Company in accordance with the Capital Market Law and Turkish Commercial Code.
12. Determining monthly gross salaries and attendance fees for the Members of the Board,
13. Election of 2 Board Members as Independent Board Members among the candidates of the Independent Board Members in accordance with the Capital Market Board regulations, determination of their terms of duty and monthly salaries and attendance fees,
14. Giving authorization to the Members of the Board to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations,
15. Requests and closing.

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THE SARKUYSAN ID

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.
Founded on: 03.05.1972
Upper Limit of the Registered Capital: 300,000,000 TL
Issued Capital: 200,000,000 TL
Commercial Registry No.: 13898
Mersis No.: 0751001576100014
Commercial Registry Registered to: Gebze Commercial Registry Office
Address: Emek Mahallesi Aşıroğlu Caddesi No: 147
41700 Darıca/KOCAELI
Telephone: (0262) 676 66 00 (20 lines)
Fax: (0262) 676 66 80-(0262) 676 66 81-(0262) 676 66 83
E-mail: info@sarkuysan.com
Website: www.sarkuysan.com



A global brand in copper production...



VISION

TO ACHIEVE CUSTOMER SATISFACTION-ORIENTED,
ENVIRONMENTALLY-FRIENDLY, HIGH-QUALITY, COMPETITIVE
AND INNOVATIVE PRODUCTION AS A GLOBAL COMPANY
IN THE ELECTROLYTIC COPPER INDUSTRY.



MISSION

TO MAINTAIN OUR PRESTIGIOUS POSITION IN TURKEY AND WORLDWIDE, PROVIDE BENEFIT TO OUR COUNTRY, PARTNERS, EMPLOYEES AND CUSTOMERS AND CREATE SOCIAL VALUE THROUGH THE SOCIAL RESPONSIBILITY PROJECTS ACCOMPLISHED WITH THE RESPONSIBILITY OF SERVING AS A MODEL AND BEING A PUBLIC, AGGREGATE, PROFESSIONALLY-MANAGED AND SUCCESSFUL CORPORATION IN TURKEY.

HISTORY

Over 46 years of know-how and experience...



CİHAN BEKTAŞ
(1928-2002)

Sarkuysan was established in 1972 under the leadership of goldsmiths and jewellers at Kapalıçarşı (the Grand Bazaar), an important commercial centre in Istanbul, Turkey. The name of the company was derived from the Turkish combination of the first three letters of the founders' professions as SARraf (goldsmith) KUYumcu (jeweller) and SANatkar (craftsman).

SARKUYSAN IS A DYNAMIC, GLOBAL, PUBLICLY TRADED COMPANY HAVING A CONTEMPORARY PRODUCTION AND MANAGEMENT STRUCTURE GOVERNED BY PROFESSIONALS.

In respectful memory of all members of the Sarkuysan family who have passed away into eternity...

Sarkuysan has a significant place in the country's industrialization history as it is the first successful publicly traded and aggregate company. The company, which produces electrolytic copper products, copper tubes and busbars over an area exceeding 175,000 m² in the Gebze and Darica region, with an indoor area of approximately 90,000 m², increased its initial capacity of 10,000 tons/year to over 200,000 tons/year and became a global company. The products are used as standard inputs in electro-technic, electronics, engine, communication, power generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemical, construction, heating-ventilation and sanitary installation industries. Sarkuysan is certified with TS EN ISO 9001, ISO/TS 16949 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety, and ISO 50001 Energy Management systems for all the operations carried out. Using the "sks" brand on its products, Sarkuysan meets a substantial part of the domestic demand while exporting approximately half of its production range to more than 70 countries in 5 continents. Today, a significant number of the cars and commercial vehicles produced in Europe

use Sarkuysan wires. The company has been providing oxygen-free and nickel-plated copper wires to the suppliers of NASA in the USA for years as well as the aircraft manufacturers lately.

Having approximately 850 employees in total, around 90% of the personnel of the Company working in the production units have either vocational school or high school degrees, and they are provided in-house and outsourced training programs every year. Sarkuysan manufactures a significant portion of its own machinery and plants used during the manufacturing process. Moreover, generating a considerable portion of the power and steam requirement of the Company vital for the production consistency at the co-generation plant within its premises, the Company also offers its 46 years of experience and know-how to other countries.

Sarkuysan is a group of companies.

SARMAKİNA A.Ş., operating in machinery and spare parts manufacturing and environmental protection technologies field; DEMİSAŞ A.Ş., producing pig and nodular cast iron for automotive and machinery manufacturing sectors; SARDA A.Ş., a marketing and sales company; and BEKTAŞ A.Ş. are the sister



companies in the group. Sarkuysan has an agency in Italy and a sales and marketing company, SARK-USA, established in 2002 in the US, which are the two important countries for direct marketing purposes of the products as part of the Company's busy export operations. In addition, SARK-WIRE, a subsidiary which began production in Albany, New York as from the end of 2009, has become a pioneering Turkish industrial company following the completion of the second manufacturing plants constructed in Toccoa, Georgia. Furthermore, Sarkuysan facilities located at the Aegean Free Trade Zone manufacture and export products with high added value. The investment process of the Sark Bulgaria AD, which was established by Sarkuysan in 10.06.2016 to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the Company, still continues.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, which was renovated and used as the Company Headquarters for several years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan

also supports State Religious Affairs with the Sarkuysan Mosque inspired by and constructed as an Ottoman Architectural complex.

Contributing to the health sector by allocating the funds reserved at the beginning of the year for the urgent medical device requirements of a health institution, the company also supports sports with its Table Tennis Team that frequently represents Turkey successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk and Modern Dance Groups composed of its employees, the Company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events.

As a corporation, with approximately 5,000 shareholders, Sarkuysan supplies materials to numerous sectors in the domestic and international markets under the "sks" trademark for the production of many modern industrial products; facilitates and colours life and creates substantial added value with significant employment opportunities; brings foreign currencies to the country, pays taxes and distributes profits. Sarkuysan is a dynamic, global, publicly-held corporation with modern means of production and corporate organization governed by professionals.

**BEING AWARE
OF ITS SOCIAL
RESPONSIBILITIES,
SARKUYSAN
CONTINUOUSLY
DEVELOPS SOCIAL
PROJECTS AT ALL
FIELDS.**

CHAIRMAN'S MESSAGE

A regional power that reaches beyond the borders of Turkey...

Welcome to our 46th Ordinary General Assembly. I am greeting you all warmly and respectfully.

I would like to mention some important developments that took place in the world and in our country during the last year.

2016 was quite a difficult year in terms of world's economy. Inadequate growth had affected macroeconomic indicators such as employment, foreign trade, etc. negatively and there was a global shrinkage. Besides, Brexit that stipulates the Britain's separation from EU, newly elected president of the USA, Trump's intention of transition to protectionism led to a non-optimistic entry to 2017.

However, despite anticipations, 2017 became a year during which global economic growth entered a recovery process and a simultaneous growth performance was achieved in developed and developing countries.

On the other hand, in Turkey, in addition to the negative global economic parameters, attempted coup d'état in July 15th and negative geopolitical developments resulted in the greatest economic shrinkage in the last decade.

In 2017, measures taken by the government as part of overcoming this shrinkage, incentives given such as credits secured by the Credit Guarantee Fund, the advantages provided to some sectors, rediscount credits yielded positive results and reached to a record high level of 11.1% on the third quarter of 2017 in comparison to the same period of the previous year. Annual growth is estimated to grow within 5-6% range.

However, this growth rate was mainly due to the domestic demand. During the said year, foreign trade figures also increased; although, since the increase in exportation also triggers the increase in importation, an improvement in the current deficit could not be achieved. This indicates our need for the foreign capital will

continue so that funding of the investments and payments of foreign debts can be administered uninterruptedly in the New Year; which reveals the importance of political and economic stability. It is encouraging that recovery has begun and a rising trend is achieved in industrial production and it is expected that these positive results will continue in line with the global economy in the coming year as well. The most important issues that will take place in the agenda of our economy will be taking of measures with the purpose of lowering the two-digit inflation rates and raising the rate of exports meeting imports.

Sarkuysan succeeded in closing 2016 with a good balance sheet despite the poor economic performance throughout the world. In 2017, by means of the endeavours of the management and in line with the global positive developments, better results were achieved. Our production and sales graphics had an increasing trend and our shares in the domestic and foreign markets increased. This positive development was also maintained by SARK-WIRE in the USA. Moreover, successful results were achieved by our group companies Demisaş A.Ş., Sarmakina A.Ş. and Sarda A.Ş. also contributed to the balance sheets of Sarkuysan. On the other hand, Sarmakina moved to its modern factory building at the end of last year. I believe that this successful company will achieve greater successes in the following years in its new factory building.

SARK-BULGARIA's factory that we established in Bulgaria is planned to be commissioned during the last quarter of the year.

Our collective bargaining agreement that came to an end as of September 2017 was negotiated between the workers' union and employers' union and concluded as of January 30th, 2018, without any interruption in the labour peace.

We were awarded the 1st place in Copper Wires

SARKUYSAN FINANCED DRILLING OF A WATER WELL OPENED BY A NGO NAMED "SEN DE GEL" IN MBANTA VILLAGE, WITH A POPULATION OF 400, IN GAMBIA, AFRICA.

and Stranded Wire Ropes category by Istanbul Ferrous and Non-Ferrous Metals Exporters' Association (İDDMİB) once more, as in previous years.

Our public relations activities also continue. Our Turkish Music Choir is giving concerts and integrating with the people of Gebze and Darica. Conventional scholarships provided to children of members of our Company who are attending university and to successful students graduated from Sarkuysan high school have helped 250 scholars to have a career so far. Currently, 102 students are continuing their education. In addition, our employees have established a scholarship fund by contributing certain amounts of deduction from their salaries. So far, 253 students have benefitted from this scholarship and had a profession. Currently 67 students continue to benefit from this scholarship fund. I would like to thank and congratulate these 421 employees of Sarkuysan, Sarmakina and Sarda who contribute to this scholarship fund for their sensitive behaviours.

We used our annual promotion budget in line with our 24-year-old conventional application and we supplied and donated Gebze Health Directorate devices urgently needed by different units.

In the field of sports, our "Men's Table Tennis Team" is competing in Super League and, as in previous years, often representing our country in the International UEFA Cup.

Furthermore, I would like to share the news and the video of the happiness and excitement created by a donation we made abroad with our distinguished partners. In Gambia, Africa, a NGO named "Sen de gel" had intended to drill several wells to bring a solution to water supply problem of this poor country. Accordingly, Sarkuysan financed a well opened in Mbanta village having a population of 400.



HAYRETTİN ÇAYCI

CHAIRMAN

As a result, our company achieved a consolidated gross profit of 114,357,517 TL from its 2017 activities according to the official bookkeeping entries. The net profit of the period after taxes is 88,201,962 TL.

I would like to take this opportunity to thank my colleagues in the Board of Directors and all our employees for their devoted works throughout this period. I would also like to express my most sincere condolences for the members of our family who passed away this year and express my best wishes for a productive General Assembly meeting.

Hayrettin ÇAYCI

Chairman

**FROM ITS ACTIVITIES
IN 2017, OUR
COMPANY EARNED
A GROSS PROFIT OF
114,357,517 TL. THE
NET PROFIT OF THE
PERIOD AFTER TAXES
IS 88,201,962 TL.**

THE BOARD OF DIRECTORS

A dynamic corporate structure
having the goal to achieve
continuous success...



Standing-left to right: Bekir MENETLİOĞLU, Mehmet BAHTİYAR, Hamit MÜCELLİT, Nurtekin KEÇECİ, Turgay ŞOHOĞLU, Cenap TAŞKIN

Sitting-left to right: A. Hamdi BEKTAŞ, Maksut URUN, Hayrettin ÇAYCI, Ziya AKKURT, Fuat SUCU

Name&Surname	Position	Date of Election
Hayrettin ÇAYCI	Chairman	07.04.2017
Hamit MÜCELLİT	Acting Chairman	07.04.2017
Maksut URUN	Board Member	07.04.2017
Nurtekin KEÇECİ	Board Member	07.04.2017
A. Hamdi BEKTAŞ	Board Member	07.04.2017
Fuat SUCU	Board Member	07.04.2017
Cenap TAŞKIN	Board Member	07.04.2017
Turgay ŞOHOĞLU	Board Member	07.04.2017
Bekir MENETLİOĞLU	Board Member	07.04.2017
Ziya AKKURT	Independent Board Member	07.04.2017
Mehmet BAHTİYAR	Independent Board Member	07.04.2017

AUTHORITIES

Members of the Board: Members of the Board were determined pursuant to the Turkish Commercial Code, the Capital Market Board Regulations and the Company's Articles of Association.

Independent Members of the Board: Independent Members of the Board were determined pursuant to the Capital Market Board Regulations and the Company's Articles of Association.

Terms of Duty: In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2017, the terms of duty for the Members of the Board is 3 (three) years; while the terms of duty for the Independent Members of the Board is 1 (one) year.

SENIOR MANAGEMENT

Sustainable corporate structure
having an innovative vision...



Sevgür ARSLANPAY
General Manager

Metin YARAŞ
Deputy General Manager
(Commercial)

Hayrettin ÇAYCI
Chairman

Ümit ULUÇAM
Deputy General Manager
(Financial)

Tolga EDİZ
Deputy General Manager
(Technical)

Mehmet Ali AKOY	R&D Manager - Metallurgical Engineer, MSc
Sabri ATILLA	Administrative Affairs Manager - Administrator (Trainer)
Canan ÇAKIROĞLU	Quality Assurance Manager - Physics Engineer, MSc
Çağatay ÇAPAL	Enamelled Wire Production Manager - Electronics Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager - Business Administrator (CAFA)
Oğuz ERGÜNGÖR	Human Resources Manager - Economist
Dilek Mine GİNi	Import Manager - Business Administrator
Mehmet Uğur ILGAZ	End Products Manager - Metallurgical Engineer, MSc
Faruk Şekip KARŞANBAŞ	Industrial Automation and Electronic Maintenance Manager - Electronic Engineer, MSc
Meryem KAYA	Export Operations Manager - Business Administrator
Levent Şakir KULAÇ	Procurement Manager - Metallurgical Engineer, MSc
Süleyman Sinan SELVİ	Director of the Continuous Casting - Metallurgical Engineer, MSc
Yaşar SÖNMEZ	Constructions Manager - Civil Engineer
Hüseyin Nezih SÜRMELi	Domestic Sales Manager - Mechanical Engineer
Filiz TEKİN SALMANLI	IT Systems Manager - Industrial Engineer
İbrahim Ferhan TURNAGİL	Cost Accounting Manager - Business Administrator (CAFA)
Ercan USER	Domestic Marketing Manager - Marketing Expert
İsmail Deniz UZGAN	Financing and Risk Management Manager - Economist
Ömer Münci ÜNAL	Tube Plant Manager - Mechanical Engineer
Mehmet Mahir YILDIZ	International Marketing Manager - Foreign Trade Expert

**SEVGÜR ARSLANPAY**

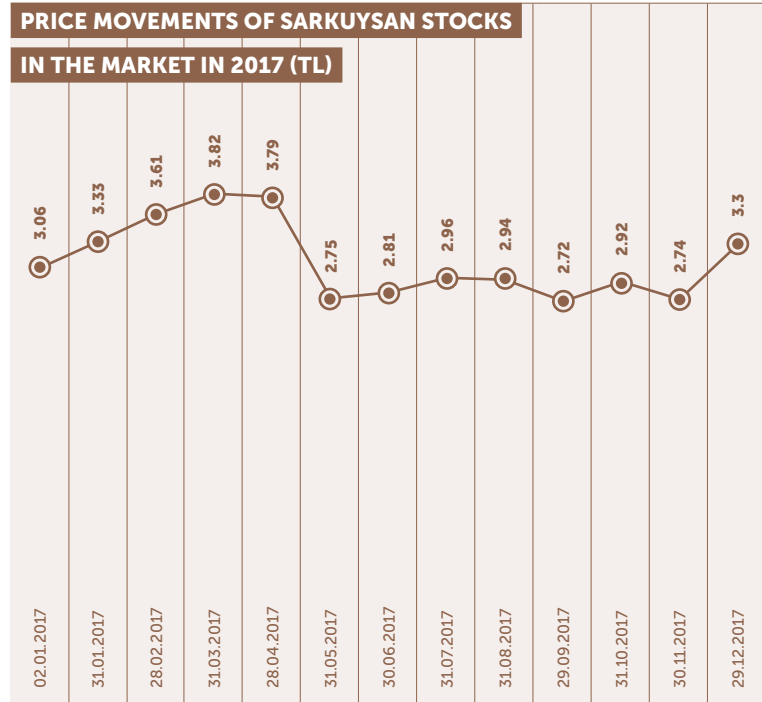
GENERAL MANAGER

COMPLETING ITS 45TH YEAR IN THE SECTOR AS THE LEADER OF THE INDUSTRY, SARKUYSAN DYNAMICALLY CONTINUES TO GROW ABROAD BESIDES ITS EXPORTATION ACTIVITIES TO 70 COUNTRIES IN 5 CONTINENTS. ACCORDINGLY, IN 2018, A NEW FACTORY WILL BE PUT INTO OPERATION IN BULGARIA, IN ADDITION TO THE TWO FACTORIES OPERATING IN THE USA. SARKUYSAN IS MORE THAN HAPPY TO SHARE THE PROUDNESS OF SUCCESSFULLY TRANSFERRING ITS VALUABLE KNOW-HOW AND STRENGTH ABROAD WITH ITS PARTNERS.

CAPITAL STRUCTURE

Sarkuysan: a global brand in the Electrolytic Copper industry...

Whilst the closing price of our stocks on Borsa Istanbul was listed 3.06 TL on 31.12.2016, as of 31.12.2017, the price was 3.30 TL by an increase of 7.84%. 100% of our capital is open to the public and the latest status of our capital structure is presented in the following table. As of 31.12.2017, Mr. Hayrettin ÇAYCI and Mr. A. Hamdi BEKTAŞ, members of the Board, have 8.70% and 2.26% of the capital share, respectively. The shares of other members of the Board are less than these shares. Mehmet KILIMCI and Şükrü KILIMCI, partners of the company who have the largest shares jointly, comprise 19% of our capital. The shares of our company in actual circulation were 82.22% on 02.01.2017 and 82.64% on 31.12.2017.



CAPITAL STRUCTURE

Type of Stock Certificate	Paid-in Capital (TL)	Number of Shares	The Portion of Shares in the Capital %
Group A Registered Shares	10.00	1,000	0.000005
Group B Bearer Share	199,999,990.00	19,999,999,000	99.999995
Total	200,000,000.00	20,000,000,000	100.000000

RESULTS OF 5-YEAR ACTIVITIES (THOUSAND TL)

	2013	2014	2015	2016	2017
Registered Capital	100,000	200,000	200,000	200,000	300,000
Issued Capital	100,000	100,000	100,000	125,000	200,000
Total Par Value of Shares	4,268	4,268	4,268	4,268	4,268
Total Par Value of Bonus Shares	95,732	95,732	95,732	120,732	195,732
Capital Increase (%)	-0	-	25	-	60
Stock Price (TL) (As of the end of the year)	2.97	3.10	3.30	3.06	3.30
Addition of Fixed Assets Over the Year	44,039	8,950	19,165	18,545	36,279
Total Amount of Dividends Distributed (Gross)	17,647	20,000	14,118	18,750	16,176
Total Amount of Dividends Distributed (Net)	15,000	17,000	12,000	15,937	13,750
Dividend Rate (Gross) (%)	17.65	20	14.12	15	12.94
Dividend Rate (Net) (%)	15	17	12	12.75	11

GENERAL INFORMATION

Issued capital of the company has been increased to 200,000,000 TL.

This report herein covers the period between 01.01.2017 and 31.12.2017. During this period, important developments related with the company were disclosed at Public Disclosure Platform (PDP) as well as to investors through our website.

The Ordinary General Assembly Meeting regarding 2016 activities of the Company was held on 07.04.2017 at the Company Headquarters. In this meeting, shareholders representing 75.14% of the shares were represented, whereby board members were released from their activities and all of the agenda items were discussed and resolved.

As a result of the election held on 07.04.2017 in our General Assembly for the two independent board memberships in accordance with the Capital Market Board Corporate Governance Communique Ziya AKKURT and Mehmet BAHTIYAR have been elected.

Electronic General Assembly provisions as per Article 1527 of Turkish Commercial Code was begun to be implemented in 2013 and, besides the physical attendance of the interested parties; the shareholders who fulfilled the required procedures in advance attended the General Assembly Meeting held online on 07.04.2017 electronically.

In 2017, 12.941176% gross and 11% net dividends of the 2016 profits were distributed to our partners. In this case the net 0.11 TL cash dividend was paid to share certificates with a nominal value of 1 TL. The dividend was distributed on 13.04.2017.

In accordance with article 9 of the agenda of our Ordinary General Assembly Meeting held on 07.04.2017, with decision of the Board of Directors of our company No. 1506/17.05 dated 01.03.2017, Capital Markets Board's opinion of appropriateness no. 29833736-110.03.02-E.3590 dated 20.03.2017 and permission of the Ministry of Customs and Trade no. 50035491-431.02-E-00023608797 dated 22.03.2017 our registered capital upper limit was registered on 17.04.2017 and increased from 200,000,000 TL to 300,000,000 TL.

In the scope of registered capital upper limit permission given by Capital Markets Board, entire capital of our company was increased by 25% from 100,000,000.- TL to 125,000,000.- TL to be met from internal sources and our application for increasing our company's entire issued capital by 60% to be met completely from internal sources from 125,000,000.-TL to 200,000,000.-TL was approved by the Capital Markets Board's permission letter no.29833736-105.01.01.02-E.6037 dated 11.05.2017 and Capital Distribution was carried out on 15.05.2017.

IN 2017, 12.941176% GROSS AND 11% NET DIVIDENDS OF THE 2016 PROFITS WERE DISTRIBUTED TO OUR PARTNERS. IN THIS CASE THE NET 0.11 TL CASH DIVIDEND WAS PAID TO SHARE CERTIFICATES WITH A NOMINAL VALUE OF 1 TL.

FINANCIAL STATUS

Strong, effective and efficient financial structure...

KEY FINANCIAL INDICATORS (THOUSAND TL)

	2016	2017
Total Assets	1,107,858	1,506,659
Shareholders' Equity	378,035	453,018
Total Sales (Net)	2,900,486	4,349,760

FINANCIAL RATIOS

Liquidity Ratios

Current Ratio (Current Assets/Short Term Liabilities)	1.37	1.28
Acid Test Ratio (Current Assets-Inventory/Short Term Liabilities)	0.82	0.85

Operational Efficiency Ratios

Asset Turnover (Net Sales/Total Assets)	2.61	2.89
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	8.17	7.58
Inventory Turnover (Cost of Goods Sold/Inventories)	8.64	10.72
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate)(Days)	44	47
Term of Inventory Sales (360/Inventory Turnover)(Days)	42	34
Inventory Collection Period (Days)	86	81

Financial Ratios

Total Liabilities/Shareholders' Equity	1.93	2.33
Shareholders' Equity/Total Assets	0.34	0.30
Total Liabilities/Total Assets	0.66	0.70
Short-term Liabilities/Total Assets	0.52	0.60

Profitability Ratios

Return on Assets (Income Before Tax/Total Assets)	0.04	0.08
Return on Equity (Income Before Tax/Equity)	0.10	0.25
Operating Profit Margin (Operating Profit/Net Sales)	0.03	0.03
Profit Margin (Income Before Tax/Net Sales)	0.01	0.03

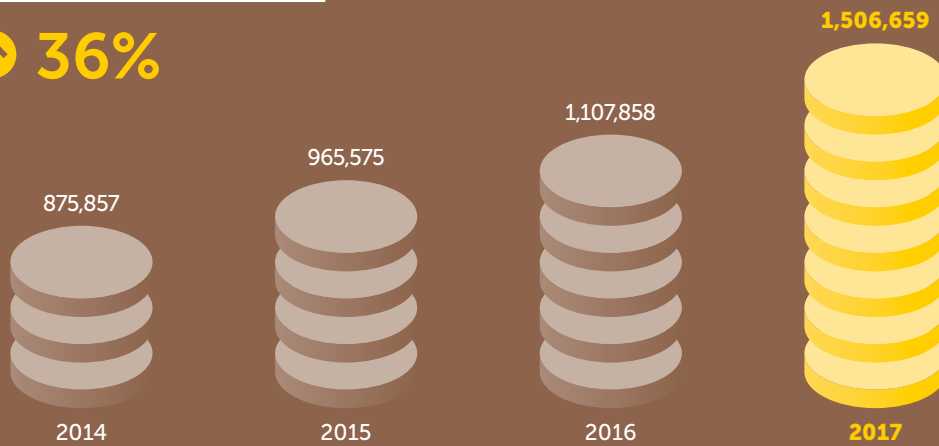
DESPITE ALL NEGATIVE DEVELOPMENTS THAT TOOK PLACE IN 2017 OUR GROUP ACHIEVED INCREASES OVER 100% IN PROFITABILITY RATIOS.

Despite raw material prices in international markets and also economic circumstances and price fluctuations that took place in 2017, thanks to the successful risk management and financial measures that were taken in time, our group has maintained its strong financial structure and as a result of efficient

and productive working capital and Cash Management, Assets Management, Debts Management and Risk Management applications was able to achieve positive developments in activity ratios and increases above 100% in profitability ratios.

TOTAL ASSETS (THOUSAND TL)

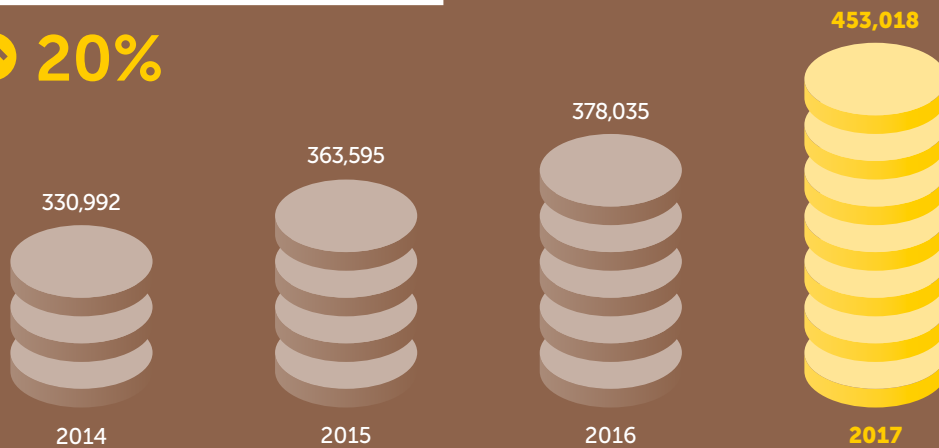
↑ **36%**



IN 2017, OUR TOTAL ASSETS REACHED TO 1,506,659,000 TL LEVEL, AN INCREASE OF 36% COMPARED TO PREVIOUS YEAR'S LEVEL.

SHAREHOLDERS' EQUITY (THOUSAND TL)

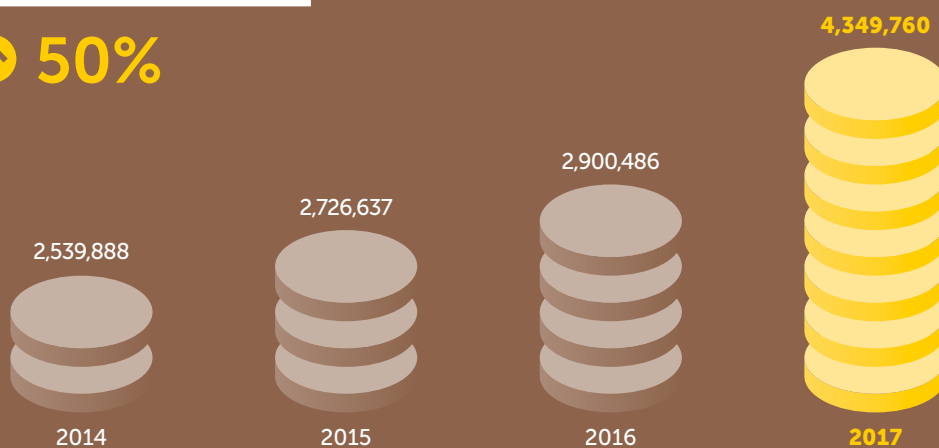
↑ **20%**



OUR SHAREHOLDERS' EQUITY SUSTAINED ITS INCREASING TREND FOR THE LAST FIVE YEAR PERIOD AND REACHED TO 453,018,000 TL LEVEL, INCREASING 20%.

TOTAL SALES (THOUSAND TL)

↑ **50%**



IN 2017, OUR TOTAL SALES REACHED 4,349,760,000 TL LEVEL, REALIZING A RECORD INCREASE OF 50% COMPARED TO LAST YEAR.

SUBSIDIARIES AND AFFILIATES

Subsidiaries and Affiliates...

DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

The factory of Demisaş A.Ş., which was founded in 1974, is in Bilecik. The casting plants, cupola furnaces and induction furnaces are used for melting and the production takes place in 3 automatic casting lines. There is also a "Machining Workshop" for processing and selling pig and nodular cast iron parts which are produced in the plant. It manufactures compressor parts with hermetic pistons, components for spiral lobe compressors for the white goods sector; brake discs (nodular cast and grey cast iron), airbrake discs, brake drums, flywheels, exhaust manifolds, pulleys, brake cylinders, various brackets and parts, brake safety parts for automotive sector; pump housings for the water system sector; compressor housings and brake safety parts for the heavy vehicle sector, rail junction parts for the railway sector and scaffolding connectors for the construction sector. Annual production capacity is 80,000 tons. As of 31.12.2017, approximately 42% of the production output is exported particularly to the West European countries.

Stocks of our affiliate are listed on Borsa Istanbul. The registered equity ceiling is TL 80,000,000 and its paid-up capital is TL 35,000,000. Our shareholding in Demisaş is 44.44%.

SAR MAKİNA SAN. VE TİC. A.Ş.

Founded in 1991, Sar Makina successfully produces steel reel and special auxiliary machines for the wire and cable industry and markets these products to the leading national and international wire and cable producers. Additionally, it manufactures paper insulated copper wire, copper and aluminium bus bars for the electro mechanics industry as well as project development, manufacturing, subcontracting, contracting and various steel construction works for other sectors. The capital of Sarmakina is

10,000,000 TL in which our company has a share of 99%.

SARDA DAĞITIM VE TİC. A.Ş.

Established in 1979 in Istanbul, Sarda A.Ş. carries out some of promotion and marketing operations for our products. It also imports, exports and distributes the products that are within its field of activity. The capital of Sarda A.Ş. is 15,000,000 TL in which our share is 99.97%.

BEKTAŞ BAKIR EMAYE KABLO SAN. VE TİC. A.Ş.

Our company and Sarda A.Ş. have shareholdings of 70.71% and 29.12% respectively in the company, which stopped its operations in 2003 with a capital of 5,500,000- TL.

SARK BULGARIA WAS FOUNDED IN SHUMEN, BULGARIA IN ORDER TO OPERATE WITHIN EU CONSIDERING GLOBALIZATION, INCREASE EXPORTATION AND EXPAND OUR OPERATIONS.





BEMKA KUPFERLACKDRAHT GMBH

The company was founded to conduct a portion of the promotion and marketing activities for the products of Turkey's leading enamelled winding wire producers, Bemka A.Ş., which was founded in 2002. Our company merged with Bemka A.Ş. as of 22.12.2016. Bemka Kupferlackdraht GMBH with equity of 500,000 EURO has an affiliated partnership of 99.60% with our company.

SARK-USA, INCORPORATED

Sark-USA, Incorporated founded in 2002, markets the products of our Company and Sark-Wire Corp. directly in the USA. The Company owns 100% of Sark-USA that has a capital of 100,000 USD.

SARK WIRE CORPORATION

Sark Wire Corp., which was established in 2008 and has been operating in Albany, New York, the USA since 15.12.2009, produces electrolytic copper wire with high added value and other electrolytic copper wire products in its high-tech factory. An additional factory was established in Georgia to reduce transport costs and deliver products to customers more quickly. Capacity increase works continue at

the Georgia location to increase production. Our Company has 60%, Sar Makina A.Ş has 15%, Bektaş A.Ş. has 12.5% and Sark-USA Inc. has 12.5% partnership in Sark Wire Corp, which has a capital of 10,000,000.-USD.

In our company's Board of Directors Meeting held on 26.07.2017, decision was taken for our subscribing to capital increase of our affiliated company Sark Wire located at Albany, New York, USA, with 3,000,000.- USD, in the framework of our 60% share in said company's capital, in accordance with their decision to increase their 10,000,000.- USD capital by 5,000,000.- USD to 15,000,000.- USD.

SARK BULGARIA AD.

Sark Bulgaria was founded on 10.06.2016 in Shumen, Bulgaria in order to operate within EU for globalization, increase exportation and expand our operations. Our company has a 90% share and Sar Makina A.Ş. has a 10% share in Sark Bulgaria AD, which has a registered capital of 6,000,000 Leva. The investment process for Sark Bulgaria AD continues.

SARK WIRE CORP. WHICH CONTINUES ITS OPERATIONS IN ALBANY, NEW YORK, THE USA PRODUCES ELECTROLYTIC COPPER WIRE WITH HIGH ADDED VALUE AND OTHER ELECTROLYTIC COPPER WIRE PRODUCTS IN ITS HIGH TECH FACTORY.

SUBSIDIARIES AND AFFILIATES

Integrated production that adds value to copper at international standards...



SUBSIDIARIES AND AFFILIATES ACCORDING TO YEARS

	2013	2014	2015	2016	2017
Demisaş Döküm Emaye Mamulleri Sanayi A.Ş. (THOUSAND TL)					
Paid-in Capital	35,000	35,000	35,000	35,000	35,000
Participation Share	15,554	15,554	15,554	15,554	15,554
Participation Rate (%)	44.44	44.44	44.44	44.44	44.44
Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. (THOUSAND TL)					
Paid-in Capital	35,000	35,000	35,000	35,000	-
Participation Share ^(*)	20,056	20,056	20,056	34,991 ^(*)	-
Participation Rate (%) ^(*)	57,304	57,304	57,304	99.975	-
Bektaş Bakır Emaye Kablo Sanayi ve Tic. A.Ş. (THOUSAND TL)					
Paid-in Capital	5,500	5,500	5,500	5,500	5,500
Participation Share	3,889	3,889	3,889	3,889	3,889
Participation Rate (%)	70.71	70.71	70.71	70.71	70.71
Sarda Dağıtım ve Tic. A.Ş. (THOUSAND TL)					
Paid-in Capital	10,000	10,000	15,000	15,000	15,000
Participation Share	9,997	9,997	14,996	14,996	14,996
Participation Rate (%)	99.97	99.97	99.97	99.97	99.97
Sarmakina San. ve Tic. A.Ş. (THOUSAND TL)					
Paid-in Capital	2,000	2,000	10,000	10,000	10,000
Participation Share	1,980	1,980	9,900	9,900	9,900
Participation Rate (%)	99.00	99.00	99.00	99.00	99.00
Sark - USA, Inc. (THOUSAND USD)					
Paid-in Capital	100	100	100	100	100
Participation Share	100	100	100	100	100
Participation Rate (%)	100	100	100	100	100
Sark Wire Corp. (THOUSAND USD)					
Capital	8,000	10,000	10,000	10,000	15,000
Paid-in Capital	8,000	9,200	10,000	10,000	11,250
Participation Share	4,800	6,000	6,000	6,000	6,750
Participation Rate (%)	60	60	60	60	60
Sark Bulgaria AD. (THOUSAND LEVA)					
Capital				6,000	6,000
Paid-in Capital				1,875	1,875
Participation Share				5,400	5,400
Participation Rate (%)				90	90
Bemka Kupferlackdraht GmbH (THOUSAND EURO)					
Paid-in Capital				500	500
Participation Share				498	498
Participation Rate (%)				99.60	99.60

(*) The merger process with Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. was completed and registered in 22.12.2016 and Bemka Kupferlackdraht GMBH, an affiliated company of Bemka A.Ş. operating in marketing sector in Germany, was included to Sarkuysan's affiliated companies.

2017 ACTIVITIES

Production infrastructure focused on efficiency and energy savings...

INVESTMENTS

Our company continued investment activities in the 2017 period. Our investment activities were especially focused on high value added products taking into account the intense competition in the global sector and the new technological trends. Utmost care was given so that the machineries and plants commissioned during the year possess the latest technologies. Thanks to these investments, the product range was broadened contributing positively to meet customer requirements. One of the 2 gas motors of 3,845 kw operating at our cogeneration plant since 1997 was decommissioned and by commissioning of two 4.4 MW, one 3.8 MW and one 3 MW gas turbines and one 700 kW steam turbine installation of which started in 2015, installed capacity of our cogeneration plant reached 16.3 MW. The capacity of our auto-producer license was increased and transformed to a production license accordingly.

Our company carried out studies and completed Enterprise Resource Planning (ERP) work in order to respond to the need for revising the software system that has been used by our company for many years due to competitive developments and the rapid innovations being experienced the industrial field; and the need for adapting to the change.

Sark Wire Corporation: The Production Company in the USA

The Sark Wire Corporation, established in Albany, NY, USA, of which 60% is owned by our company, produces in accordance with the requirements of the ISO 9001 Quality Management System Certificate it possesses with high quality products with growing product variety, competitive prices, short delivery terms and a focus on customer satisfaction in the North American market.



Following the success of our first foreign investment, we have now established a new production facility in Toccoa, GA, USA, for which we completed the assembly work and started operations.

INFORMATION ON PRODUCTION

Sarkuysan was founded in Istanbul in 1972 to produce electrolytic copper and products. The premises of the company are located on an area of 175,000 sq. metres in Osmangazi, Gebze, which is 45 km from Istanbul. With an annual production capacity over 200,000 tons, the environment friendly production is carried out at plants equipped with modern environmental protection technologies. Sarkuysan, the first truly publicly owned company of Turkey, with its multi partner and professional management structure, subsidiaries and affiliates, approximately 5,000 shareholders and social projects, has been

SARKUYSAN, WHICH HAS AN ANNUAL PRODUCTION CAPACITY OVER 200,000 TONS, ENSURES HAVING ENVIRONMENTALLY-FRIENDLY PRODUCTION PROCESSES AT ITS PLANTS WHICH ARE EQUIPPED WITH MODERN ENVIRONMENTAL PROTECTION TECHNOLOGIES.



adding value to the country's socioeconomic life since 1972. Sarkuysan reached 190,000 tons of goods sales in 2016.

PRODUCTION FACILITIES

Refinery Facilities

Anode Casting Workshop

Blister copper is melted in refining furnaces and then automatically cast in moulds at the casting wheel to obtain copper anodes.

Tank House

Anodes placed in electrolysis baths are subjected to electrolytic refining by means of the conventional direct current electrolysis method. After the electrolysis process, copper cathodes of electrolytic purity are obtained.

Continuous Casting Plants

Sarkuysan is the unique organization in the world which is capable of manufacturing copper wire rod by means of three competitive continuous casting technologies that are operated under the same roof.

Upcast (Outokumpu)

High purity electrolytic copper cathodes are melted in the protective atmosphere at

induction furnaces, transferred to casting furnaces via launders and cast into wire rods with diameters of 8 to 25 mm range by means of the "UPCAST" continuous casting technology. Silver alloyed copper wire rod is also produced in this facility.

Southwire

Electrolytic copper cathodes are melted in the atmosphere controlled shaft furnace and consecutively transferred into holding furnace and caster via launders. The continuously cast bar through the caster is then hot rolled into ETP copper wire rods with diameters of 8, 11 and 16 mm, followed by pickling process for surface deoxidation and brightening.

THE SARK WIRE CORPORATION GIVES PRIORITY TO SHORT DELIVERY TERMS AND CUSTOMER SATISFACTION IN THE NORTH AMERICAN MARKET AND SUCCESSFULLY CONTINUES ITS ACTIVITIES.



2017 ACTIVITIES

Annual production capacity of over 200,000 tons...

Contirod Contirod/Hazelett

Electrolytic copper cathodes are melted in the atmosphere controlled shaft furnace and cast into bar form in Continuous Casting Plant. The cast bar is hot rolled into 8 mm wire rod and ETP copper wire rod is produced.

Billet Casting

Electrolytic copper cathodes are melted in the channel type induction furnace and transferred to the holding/casting furnace. The casting takes place automatically and cut into requested lengths at the vertical strand caster. The billets produced in this facility are dispatched to tube, busbar and profile plants for extrusion processes.

PRODUCTION

Conductor Production

Providing raw materials for harness cables as a major input for the automotive industry today, our Company manufactures precise standard compliant conductors to be used in technical equipment for fast communication and data transmission particularly in modern communication systems, computers and Internet. Furthermore, general and special purpose conductors used in electronics industry are included in our product range. Moreover, our Company also undertakes the manufacture of special conductors consumed in every segment of aviation and defence

WIRES

MANUFACTURED BY SARKUYSAN OF HIGH CONDUCTIVITY COPPER WITH SUPERIOR HEAT AND THERMAL SHOCK RESISTANCE ARE USED IN SPACE AND AVIATION INDUSTRIES.



industries. Wires manufactured by Sarkuysan of high conductivity copper with superior heat and thermal shock resistance are used in space and aviation industries.

Mono Wire Production

8 mm wire rods produced at the continuous casting plants are cold drawn down to 0.05-4.50 mm at different drawing machines with annealing units as per the standards and/or customer requirements.

Bundled Conductor Production

Multi-Wire Bundled Conductors

Multi-wires consisting of up to 24 wires are drawn down to 0.05-1.04 mm on state-of-the-art wire drawing machines.

Bunched Conductors

0.05-300 mm² conductors are manufactured in conformance with international standards on bunching machines.

Special Stranded Conductors

0.05-300 mm² conductors are stranded with customized geometry.

Tin / Nickel Plated Wire Production

Copper wires within the diameter range of 0.8-3.00 mm are firstly electroplated with tin or nickel, and then drawn down to required diameters at wire drawing machines.

Flat Wire and Profile Production

Predrawn and shaved rods are fed into specially designed cold drawing/rolling machines. The product is then annealed in compliance with required standards depending on the customer demand. Flat wires and profiles are also produced in annealed form thanks to the state-of-the-art continuous extrusion method.

Flat Wires

Flat wires up to 150 mm² cross-section in 3-30 mm width and 1-12 mm thickness are produced.



2017 ACTIVITIES

Sarkuysan achieved 73,468 tons of exportation in 2017...

PV Ribbon Wire Production

With the PV ribbon wire production facility, which was put into operation in the last quarter of 2013, the company launched 100% domestic PV ribbon wires initially to local market.

PV ribbon wires are produced in bare, tin, nickel or solder plated forms by means of particular rolling and plating units, and then transferred to spools via the rewinding unit according to customer specifications.

Thickness: 0.08-0.50 mm, **Width:** 1.00-6.00 mm, **Plating:** Tin-plated, nickel plated or solder plated in desired specifications, **Physical characteristics:** Annealed or hard.

Contact Wires and Catenary Conductors

Sarkuysan manufactures contact wires with electrolytic copper of 99.99% purity in manufacturing. The company manufactures contact wires in different dimensions from electrolytic copper and silver alloyed copper wire rods by means of drawing, rolling or drawing-rolling method. Products are manufactured according to international standards such as ASTM B47, UIC 870-0 and TS EN 50149 or customer specifications in 107 mm², 120 mm² or 150 mm² cross sections. Silver alloyed copper contact wires provide advantages to high speed and high frequency rail systems thanks to their high conductivity and high softening temperatures. Tin alloyed contact wires have high breaking stress and wear strength, and thus are highly preferred in very fast speed rail systems. Magnesium alloy conductors, which have high tensile strength, are ideal to be used in manufacturing catenary wires that require flexibility and high strength. Catenary wires and feed wires can be produced from CuMg and CuAg alloy or pure copper according to demand.

Profile Bars

Maximum diameter in round bars is 80 mm. In



flat profiles, maximum width is 200 mm.

Tube, Busbar and Profile Manufacturing Plant

Preheated up to the appropriate process temperatures, DHP-Cu and ETP-Cu billets are transformed into mother tubes and busbars by extrusion presses. Final products are produced in different finishing lines in compliance with required dimensions. As well as busbars and profiles, inner grooved or non-grooved tubes drawn in straight lengths, pancake or LWC forms are calibrated according to customers' demands, and are annealed in the annealing furnace, operating under protective gas. Insulated copper tubes are produced for the air conditioning industry with a production line

WITH THE PV RIBBON WIRE PRODUCTION FACILITY, WHICH WAS PUT INTO OPERATION IN THE LAST QUARTER OF 2013, THE COMPANY LAUNCHED 100% DOMESTIC PV RIBBON WIRES INITIALLY TO THE LOCAL MARKET.



that is specially developed and produced by Sarkuysan.

Depending on the customers' order, busbars are offered for sale in bare or tin-plated forms. In addition, copper busbars with high conductivity and surface quality properties are manufactured from OF wire rods at the state-of-the-art continuous extrusion plant. Moreover, tin-plated busbars can be produced at electro tin-plating line, jointly developed by Sarkuysan and SarMakina who is the patent holder.

Enamelled Wire Production Facilities

Round copper and aluminium enamel winding wire, flat copper enamelled winding wire and Continuously Transposed Conductors are produced at our plants in Gebze and Tuzla.

Round and Flat Enamelled Winding Wire Production

Round copper wires in the 0.03-5.00 mm range, round aluminium in the 0.80-2.50 mm range and up to 100 mm² cross section in flat enamelled winding wires are produced on enamelling machines at world standards

CTC (Continuously Transposed Conductor) Production

The CTC product, manufactured by gathering flat enamelled winding wires together, is used in power transformers and generators to reduce losses, winding time and costs while increasing the physical endurance of the winding. They are produced with project development according to customer demand.

SALES

The total sales figure in 2017 reached 4,349,760,480 TL. Effective team work, high quality and our customers regarding Sarkuysan as a long term solution partner played an important role in reaching record breaking sales despite all the adversities in local and the global markets.

EXPORTS

2017 was a year in which important achievements were attained in exports. Sarkuysan is exporting products to 70 countries in 5 continents and the exportation corresponds to 52% of the total copper wire and wire rod exportation figures of Turkey.

IN 2017, OUR EXPORTS INCREASED FROM 67,448 TONS TO 73,468 TONS AND A NET GROWTH OF 8.92% WAS ATTAINED.

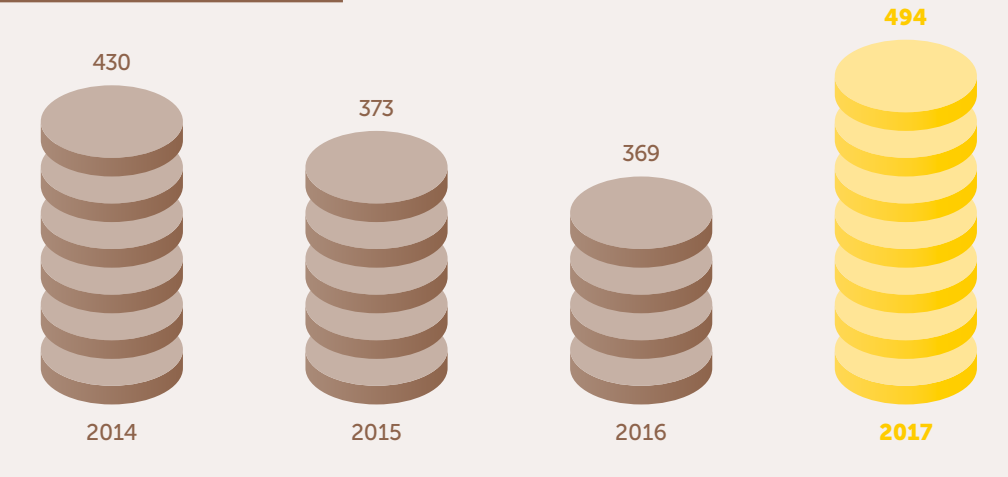
2017 ACTIVITIES

Effective global and local collaboration processes...

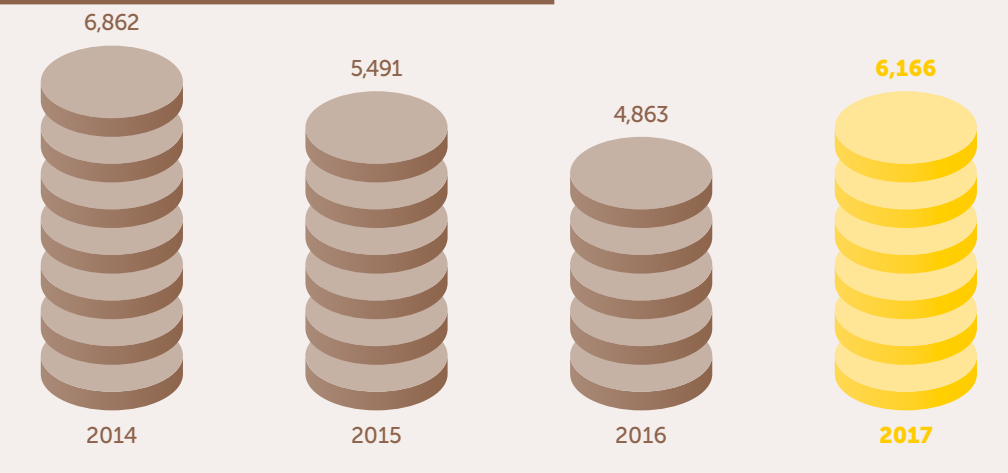


OUR EXPORT, WHICH WAS 67,448 TONS IN 2016, INCREASED TO 73,468 TONS IN 2017.

EXPORTATION (MILLION USD)



LME COPPER PRICES \$/TONS (ANNUAL AVERAGE)



EXHIBITIONS PARTICIPATED IN 2017**Fairs in Turkey****March 2nd-4th, 2017**

Eurasia Rail 2017/CNR-Istanbul

April 6th-8th, 2017

Solarex 2017/CNR-Istanbul

November 2nd-4th, 2017

Cwieme 2017/CNR-Istanbul

November 2nd-5th, 2017

Santek 2017/TÜYAP-Kocaeli

Fairs Abroad**February 14th-16th, 2017**

Middle East Electricity/Dubai-UAE

May 8th-11th, 2017

Interwire 2017/Atlanta-USA

June 6th-8th, 2017

Expo Electrica/Mexico City-Mexico

June 20th-22nd, 2017

Cwieme/Berlin-Germany

September 27th-28th, 2017

Coiltech/Pordenone-Italy

Sarkuysan, a leader in the field of copper wire and wire rod not only in Turkey but also in the international arena, increased its exportation from 67,448 tons to 73,468 tons, attaining a 8.92% net growth. The export revenues in the same period increased from 368,740,896 USD to 494,273,642 USD, corresponding to an increase of 34.04%. Although the aforementioned figures are partly due to the increase in LME copper prices, net sales increase and our policy of transition to products with higher added value was also effective in this result.

MARKET AND COPPER MARKET EXPECTATIONS IN 2018

Upward trend in copper prices that began in November 2016 continued in 2017. Copper prices which decreased to 4,310.50 USD/Mt levels on 15.01.2016 closing quotation increased up to 7,216 USD/Mt levels along with the global positive growth data. (28.12.2017 closing quotation). The positive growth data coming from the USA in particular, and China's entering into a growth trend again were the

SARKUYSAN, WITH ITS EXPORTS TO MORE THAN 70 COUNTRIES IN 5 CONTINENTS, HAS SUSTAINED ITS LEADERSHIP IN THE SECTOR.



2017 ACTIVITIES

Effective resource management considering future generations...





PRODUCTS

- Copper Cathode
- Produced from electrolytic copper;
 - Wire rod
 - Rods
 - Wires in various diameters
 - Flat wires (bare and insulated)
 - Overhead Catenary Wires (contact wires, dropper wires, porter wires, feeder wires, Y rope insulated/non-insulated earth wires)
 - Tin-Plated Wires
 - Nickel-Plated Wires
 - Bunched and Stranded Wires
 - Rope Stranded Wires
 - Profiles
 - Copper Tubes (LWC, pancake, plain, grooved, insulated)
 - Copper Busbars (bare or tin-plated)
 - Copper Nuggets (Cu-OF and Cu-DXP)
 - PV Ribbon Wires
 - Round Enamelled Winding Wire (copper or aluminium)
 - Flat Enamel Winding Wire
 - CTC (Continuously Transposed Conductor)

main reasons for the boost in the copper markets, which is one of the most important indicators of industrial growth, and a 67.40% increase compared to the lowest level of the previous year. While in 2017, there was only 0.58% increase in the world's refined copper production compared to the same period of the previous year (2016: 22,719,000 Mt-2017: 22,852,000 Mt) and 2.15% increase in refined copper consumption. (2016: 22,234,000 Mt-2017: 22,806,000 Mt). (Source: Reuters, CRU) According to IMF data, the global growth rate was 3.7% in 2017.

During this period, the USA achieved a growth of 2.3%, while Europe and China had a growth of 2.4% and 6.8%, respectively; whereas Developing Countries Group in which Turkey is included achieved a growth of 6.5%. We anticipate that this trend will continue at an increasing rate and a global growth rate of 3.9% is expected. (Source: IMF, World Bank)

It is expected that Sarkuysan, which opened its second factory in the US at the beginning of 2016, will be positively affected by the growth. Moreover, Sarkuysan will be positively affected by the increasing growth trend in Europe as production will be started at its

SARKUYSAN, WITH ITS NEW FACTORY AT BULGARIA THAT WILL BEGIN PRODUCTION IN 2018, IS EXPECTED TO BE POSITIVELY AFFECTED FROM POSITIVE GROWTH TREND OBSERVED IN EUROPEAN MARKET.

2017 ACTIVITIES

Product development oriented R&D activities...

factory in Bulgaria within 2018. The world's refined copper wire and cable market attained a growth of 2.9% in 2017 (CRU). In 2018, a growth of 3.1% is expected.

The "growth by venturing out into new markets" strategy with which the Company achieved significant success in the previous years will be continued in the New Year. Accordingly, Sarkuysan is expected to expand its existing market shares, particularly in Africa and the Middle East countries, in addition to sustaining its increasing trend in its total sales figures in the new markets such as Asia-Pacific.

RESEARCH AND DEVELOPMENT ACTIVITIES

Sarkuysan is aware of the fact that the path to compete with the serious competitors in the international markets goes through Research and Development operations. Our R&D policy

is to launch efforts to obtain new know-how that would flourish science and technology or to manufacture new products through existing knowledge, to optimize current processes and to systematically develop new projects based on know-how. At our R&D Department, research and development studies are carried out to maintain the top quality products and broaden our product range by introducing new products.

MANAGEMENT SYSTEMS AND QUALITY CONTROL ACTIVITIES

High quality of our products and our business understanding focused on continuous improvement have an important role in the success of our company in sustaining its leading position in the production of electrolytic copper and copper products.

Thanks to the "Quality Management System"

OUR ACTIVITIES ARE CARRIED OUT IN ACCORDANCE WITH OUR "QUALITY MANAGEMENT SYSTEM", AIMING IMPROVEMENT OF QUALITY AND INCREASE OF CUSTOMER SATISFACTION AND ENSURING OF SUSTAINABILITY.



with ISO 9001 and ISO/TS 16949 certificates, Sarkuysan continues its activities in line with the Company's main goals of increasing quality and customer satisfaction and ensuring sustainability.

The "Environmental Management System" with ISO 14001 certificate leads Sarkuysan to decrease the use of natural resources, minimizes the impacts on soil, water and air, increase and sustains the environmental performance.

The "Occupational Health and Safety Management System" with OHSAS 18001 certificate enables us to continue our systematic applications for the protection of our employees by creating a safe and healthy work environment, prevents the occurrence of workplace accidents and occupational diseases, and ensures the safety of workplace environment.

Thanks to our "Energy Management System" with ISO 50001 certificate, the required processes and systems to increase energy efficiency were established and efficient energy management is enabled by the projects applied.

The quality control activities that start with input products are continued with process control and product controls. Quality controls at all levels are carried out according to test methods stipulated in line with the national and international standards and by appropriate devices and competent personnel. The laboratories where Physical Tests and Chemical Analyses are made are experts on copper tests and analyses and our activities are approved by the Turkish Standards Institute (TSE). Conformity of our products to the national standards is certified by TSE.

ENERGY POLICY

SARKUYSAN A.Ş., adopts the principle of constantly improving the efficient use of energy and providing environmental and economic sustainability in all of operations with the responsibility of our Energy Management System.

In this respect, we are committed to;

- Complying with appropriate national and international energy regulations, standards and other requirements in force,
- Utilizing energy and natural resources efficiently in all manufacturing operations and processes, and constantly improving our energy performance through surveys and improvement projects for energy efficiency,
- Keeping up with technological trends to evaluate alternative energy resources that would minimize negative impacts,
- Efficiently using energy and natural-resources through sustainable development approach, and launching efficient and transparent efforts for reducing greenhouse gas emissions,
- Implementing efforts dedicated to improving the energy awareness of employees, suppliers, customers and stakeholders,
- Minimizing energy losses and optimally utilizing gas emissions and waste heat,
- Preferring energy-efficient technologies

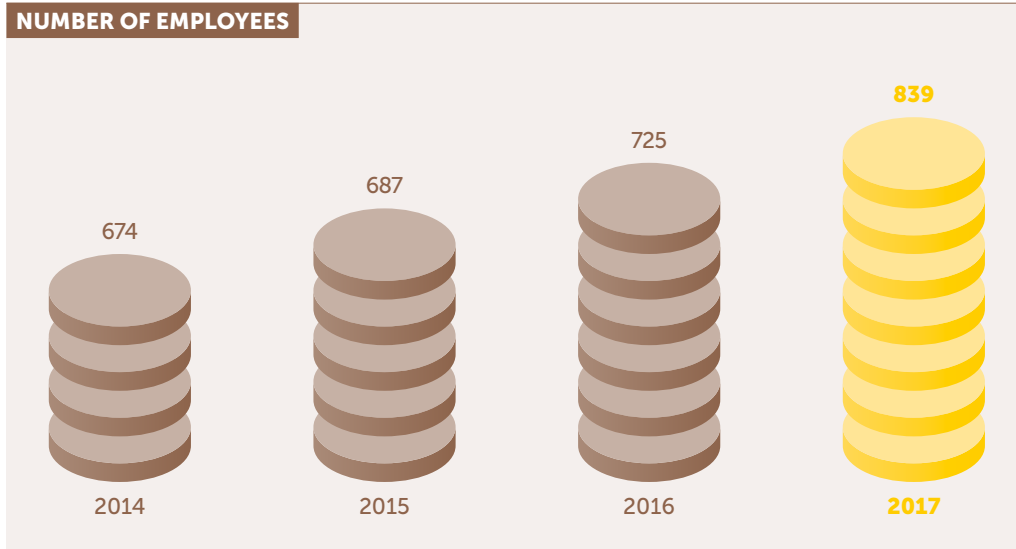
THANKS TO OUR "ENERGY MANAGEMENT SYSTEM" WITH ISO 50001 CERTIFICATE, EFFICIENT ENERGY MANAGEMENT IS ATTAINED IN ORDER TO INCREASE ENERGY EFFICIENCY.



2017 ACTIVITIES

Environmentally- and human-friendly production...

NUMBER OF EMPLOYEES



and applications to improve our production plants, equipment and operation services in new investments,

- Integrating the documented Energy Management System into corporate management applications and periodically reviewing and improving the objectives.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY POLICY

The principles of Sarkuysan which are based on protecting our employees' health and safety are; using clean technologies which do not pollute the environment and minimize waste with recycling facilities in the production site in accordance with the requirements of our customers; to ensure the efficient use of energy and natural resources for sustainable development and to prevent pollution within the framework of our Environmental Management System that is based on continuous improvement; to take all necessary measures in order to prevent workplace accidents and to preserve our employees from occupational diseases; to comply with the requirements of Environmental, Workplace Health and Safety Legislation and approved

code of practice in the course of activities; to set attainable targets and objectives and continuously seek to improve them in line with the continuous improvement principle; to ensure the effective implementation of Environmental Protection, Workplace Health and Safety Systems and to train the employees to raise awareness.

Our policy is accessible to all stakeholders and the public.

HUMAN RESOURCES

In this period, Human Resources policy was implemented in parallel with our main targets. In 2017, the annual mean of the recruitment volume of Sarkuysan increased by 16% compared to the previous year to 839. (14% of the increase was a result of the merger with Bemka A.Ş. completed in December 2016). 201 administrative, 117 technical personnel and 521 workers were recruited.

Our staff members have been encouraged to attend the relevant internal and external training programs with the purpose of accelerating their occupational and social development. Additionally, various events have been organized to increase the positive communication and



FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES (TL)

Attendance fees, salaries, bonuses, premiums and dividends	5,132,288.00
Allowances, travel, accommodation, insurance and representation expenses	230,745.00
Total	5,363,033.00

motivation among the staff members. Thus, Company's Turkish Music Chorus, which is established by our staff, gave a concert on May 6th, 2017 as part of the Istanbul Turkish Music Days in addition to another concert held for the public at the Gebze Osman Hamdi Bey Stage on December 16th, 2016 for the 42nd anniversary of our production. Also folk dancing and Pilates training sessions continued.

Financial Rights Given to the Members of the Board and Senior Executives

The salaries of Board Members are determined in the Ordinary General Assembly which is held annually.

Salaries of all managers including senior executives of the Company are determined in parallel with the pay rise periods specified in the collective labour agreements, based on the general economic and sectoral circumstances, actual figures in the financial statements of the Company, wages applied in the market and particularly in the peer corporations, annual performance assessment results of employees, pay rise percentages arising from collective

labour agreements of our union member workers and implemented upon evaluation and approval of the Board of Directors.

SOCIAL RESPONSIBILITY

We are aware of our responsibilities towards society and we realized the following projects over the year;

- We continued our contributions in the education field by granting non-refundable scholarships to 102 undergraduates, including children of our employees and graduates of Sarkuysan High School studying at higher education institutions. Additionally, 62 students were granted scholarships from the fund created with the voluntary contributions of our employees. Vocational high school students and undergraduates are also given the chance of training at the company to the extent of the quota allocated for this purpose.
- We keep our relations with Sarkuysan High School and Sarkuysan Primary Schools close and vivacious and make contributions for maintenance and repair works, as well as

OUR STAFF MEMBERS HAVE BEEN ENCOURAGED TO ATTEND THE RELEVANT INTERNAL AND EXTERNAL TRAINING PROGRAMS WITH THE PURPOSE OF ACCELERATING THEIR OCCUPATIONAL AND SOCIAL DEVELOPMENT.

2017 ACTIVITIES

Reference projects on education and environment...

new equipment.

- As part of determining on the purchase of a medical device required by a health institution within the new year giveaway budget that has been ongoing for 24 years in the field of health, we donated required equipment of the Obesity Clinic and other units of the Kocaeli Provincial Directorate of Health, Mother's and Children's Health Centre.
- Accordingly, "İçeride Çocuk Var" (meaning There are Children in the Prison) project initiated by Gebze Closed Correction Facility Administration, internal hardware of "Adalet Anaokulu" (meaning "Justice Kindergarten") opened for the children of women prisoners was donated.
- In order to produce a solution for water problems in Gambia, one of poorest countries in Africa, Sarkuysan replied to a call of a NGO named "Sen de Gel" at Mbanta village of Gambia, Africa, having a population of 400, and financed drilling of a well.

DONATIONS AND GRANTS

In this period, donations and grants in an amount of 193,405.-TL in total were provided to various organizations. As part of the donations and aids, 107,632 TL was donated to Sarkuysan Sports Club for the cost of the materials and equipment of our table tennis team competing in the Super League; 30,000 TL to Darıca Gençlerbirliği Sports Club in Darıca; 21,724 TL to Kocaeli Provincial Directorate of Health, Mother's and Children's Health Centre for the procurement of obesity measurement device; 11,921 TL to Qualified Change and Development in Social and Economic Life Support Association; and 6,018 TL to Gebze Women's Penitentiary as part of the "İçeride Çocuk Var" (meaning There are Children in the Prison).





DONATIONS AND GRANTS IN 2017 (TL)

Sarkuysan Sports Club	107,632.00
Darıca Gençlerbirliği Sports Club	30,000.00
Kocaeli Provincial Directorate of Health	21,724.00
Association on Support in Qualified Change and Development in the Social and Economic Life	11,921.00
Gebze Women's Correction Facility İçeride Çocuk Var Project	6,018.00
Turkish Solidarism Association of Hearing Impaired	5,800.00
Solidarity Foundation for the Physically Disabled	3,000.00
Turkish Education Foundation	2,805.00
Community Volunteers Foundation	700.00
Kadıköy Health Education Center	500.00
Other	3,305.00
Total	193,405.00

SARKUYSAN FINANCED DRILLING OF A WATER WELL OPENED BY A NGO NAMED "SEN DE GEL" IN MBANTA VILLAGE, WITH A POPULATION OF 400, IN GAMBIA, AFRICA.

INTERNAL AUDITS

The internal audit system of the company consists of job descriptions, authorization system, policies and documented procedures that were previously determined based on the work flows and processes.

Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system.

Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected.

The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2017 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short and long term targets are evaluated at every level of the organization starting from the Board.

The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

Operational Risks: These risks are evaluated from a broad perspective beginning from the procurement of raw materials, production, sales and after sales services.

Receivables Risk: The receivable risks of our company are reported by the Limit Determination Committees consisting of senior executives of the Company in accordance with the Customer Limits Determination Procedure and they are approved upon checking and analysing in accordance with the relevant procedure.

There are insurance policies covering the receivables of our Company from the domestic market and foreign countries so that the losses that may arise from risks can be compensated.

In addition to the global policies, various security methods (securities, bonds, direct debiting system, etc.) are used with the purpose of minimizing the receivables risk.

Financial Risks: These risks are classified in four categories as Liquidity Risks, Interest Rate Risks, Foreign Exchange and Price Risks and following principles are regarded for the management.

Liquidity Risks: Attention is paid for matching the due dates of our Company's receivables and debts, and efforts are made to maintain the liquidity ratios of the Company (current ratio and acid-test ratio) through effective cash flow management and control and net operating capital management with the purpose of maintaining the short term liquidity level.

Interest Rate Risk: Changes in the interest rates lead to a substantial risk with respect to the financial consequences as a result of the impact created on interest sensitive assets and liabilities. This risk is managed by balancing the amount and maturity dates of the interest sensitive items.

Accordingly, efforts are made not only to match the maturities of the receivables and payables but also to balance the fixed/ fluctuating interest rates and short/long-term maturities.

Foreign Exchange Risk: As our company carries out operations in a vast geography, the operations are compensated with different currencies. Therefore, the exchange rate risk is one of the most important financial risks encountered. The main principle in managing this risk is to balance foreign currency assets and liabilities in foreign currencies such that the currency fluctuations create the minimum impact, in other words, a level close to zero is maintained in connection with the foreign currency position. Most of the time, methods that can be implemented on the balance sheet are used for the management of the foreign exchange. In addition, derivative financial instruments are used for protection against the parity change risks.

Raw Material Price Risk: Copper prices that form a substantial part of our costs are set by the global markets and follow a volatile trend. We implement models based on matching the prices and payment dates of the goods procured and sold in order to protect the Company against such price change risks. Apart from these models, all long-term price fixing demands of customers are managed through hedging operations.

In addition to the hedging operations against changes in copper prices, we implement hedging operations for other metals such as Tin, Nickel and Aluminium too, as they form a part of our costs and are open to price changes.

Other Issues

No important developments of special importance occurred in the company that may have a potential to affect rights of the partners, debtors and other relevant persons and organizations upon expiry of the activity period.

CORPORATE GOVERNANCE COMPLIANCE REPORT

REPORT ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. PER CAPITAL MARKETS BOARD CORPORATE GOVERNANCE COMMUNIQUE NO. (II-17.1)

SECTION I. DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our company adopted complete compliance to Corporate Management Principles included in the annex of Communiqué on Corporate Management no.II-17.1 of the Capital Markets Board that came into effect after it was published in the Official Gazette no. 28871 dated 03.01.2014. However, full compliance could not be achieved due to reasons such as difficulties that could be faced in practice and that could cause delays in the company's activities, existence of debates in our country and also in the international arena about the compliance to some articles and as some of its aspects do not fully coincide with our company's present structure. There is not any conflict of interest situation that our company has been subject to for not complying with any principle. During application of Corporate Management Principles, some principles that do not fully coincide with our company structure and could cause delays in some activities were not included. Aforementioned principles and the reasons for not applying these principles are summarized below:

- Regarding the principle no. 1.5.2; since it is considered that existing arrangements in legislation regarding dissent ratio are sufficient, these rights are not re-arranged with Articles of Incorporation separately.
- Regarding principle no. 2.1.3; Pursuant to Capital Markets Legislation, special circumstances and financial statements and footnotes that have to be disclosed to the public are disclosed at KAP (Public Disclosure Platform) in Turkish. Our annual financial statements and footnotes are being disclosed on our website in Turkish and English languages. Explanations made in English language are presented as a summary to the extent that they will be helpful to the persons that will benefit from in making a decision; in a correct, complete, direct, understandable, sufficient and in a consistent manner with Turkish version.
- Regarding principle no. 4.3.9; a target ratio and target time period has not been determined for the ratio of women members in the Board of Directors and evaluation works continue.
- Regarding principle no 4.4.7; members of the Board of Directors are not restricted in assuming other duties outside of the company.
- Regarding principle no. 4.5.5; members of the Board of Directors assignment of duties in committees are being determined by taking into consideration their accumulation of knowledge and experiences and in accordance with related arrangements and some members are being assigned for more than one committee. Members who have to serve in more than one committee shall enable communication between the committees that serve in related matters and increase the ability to cooperate.
- Regarding principle no. 4.6.5; payments made to members of the Board of Directors and to managers who assume managerial responsibilities are being disclosed at Ordinary General Assembly meetings and in financial statement footnotes and to the public collectively, in line with general applications.

SECTION II - SHAREHOLDERS

2.1 Investor Relations Department

There is an Investor Relations Department that manages relations between the company and shareholders and directly reports to the General Manager Sevgür ARSLANPAY. Investor Relations Department personnel and their contact information are: Lawyer Demet CİZRELİOĞULLARI (hukuk@sarkuysan.com) (Ext.: 3277) Şefiye YAYLA (s.yayla@sk.com.tr) (Ext.: 3275) Suat VARDAR (s.vardar@sk.com.tr) (Ext.: 3455) Operator: (0262) 676 66 00 Fax: (0262) 676 66 85

The Investor Relations Department is responsible for ensuring that the investor relations are conducted in the framework of Corporate Governance Principles, following the changes that occur in the regulations concerning the Capital market Board Law and making sure that the concerned departments in the company are informed, maintaining the relationship between the Capital Market Board (CMB), the Istanbul Stock Exchange (BIST) and the Central Records Agency (MKK) and representing our company. Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website, www.sarkuysan.com. Our company has made 34 special situation disclosures on the Public Disclosure Platform. The disclosures have been made according to the "Special Circumstances" communique and no sanctions were imposed by the CMB and Istanbul Stock Exchange. The verbal applications, which were made by investors to our company within the period, were also responded.

2.2 Shareholders Exercising their Right to Information

While there is no article concerning the appointment of a special auditor in our articles of association, our company avoids actions that may complicate special audit and in 2017 there were no requests of a special audit from shareholders.

Investors can obtain answers to anything they want to know about our company from the 0 262 666 66 00 / Extension 3277 and 3275 telephone numbers. The e-mail address of investor relations, which is hukuk@sarkuysan.com and muhasebe@sarkuysan.com can be used by shareholders to have all their questions answered other than information that has not been disclosed to the public, that is confidential and of a commercial secret nature. The inquiries of our partners who choose to contact us via mail will be answered immediately. Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website www.sarkuysan.com under "Investor Relations" menu. Also, following the agreement made with the MKK, the sub-section "Information Society Services" was added under the "Investor Relations" section and through the link provided here services can be accessed over the e-COMPANY Portal on MKK thus fulfilling the obligations specified in the TCC article 1524 and in the Regulation.

2.3 General Assembly Meetings

The Ordinary General Assembly Meeting concerning the 2016 activities of the company was held on 07.04.2017 with a quorum of 75.15% at the company headquarters. Shareholders attended by proxy and in person to the General Assembly Meeting. The articles of the agenda were disclosed on the same date on PDP (Public Disclosure Platform) with the Board decision dated 14.03.2017. The announcement for the General Assembly Meeting was posted in the Turkish Commercial Registry and Gebze Yenigün Newspaper on 16.03.2017, 3 weeks before the meeting date, besides the Company's website and the Public Disclosure Platform (PDP) on 14.03.2017 in compliance with the Corporate Governance Principles Communiqué. Additionally, an announcement was made regarding the General Assembly Meeting to the shareholders of Group A Registered Shares by a letter dated 16.03.2017. The agenda, amendment draft in the articles of association, a sample power of attorney and signature declaration were attached to the letter. At least three weeks before the general assembly meeting date, excluding announcement and meeting dates, the Consolidated Financial Statements and the Annual Report were made available to shareholders in the framework of the Turkish Commercial Code no 6102, article 437. We negotiated with the company Medianova Internet Hizmetleri ve Tic. A.Ş. for an Electronic General Assembly Meeting per the Turkish Commercial Code number 1524 and article 34 of our Articles of Association. On the day of our company's general assembly meeting the audio and video of our meeting was broadcasted by 3 cameras on the internet by connecting to the Central Records Agency. In order to make it more convenient for shareholders to attend the General Assembly meeting, buses were arranged from the Mecidiyeköy Trump Towers Shopping Centre and in front of the Haydarpaşa Protocol Mosque and after the meeting the buses returned shareholders to the same location. The Board members, other concerned individuals, authorities in charge of preparing the financial statements and the auditors were present at the General Assembly meeting to answer questions and provide information about the subjects on the agenda. The questions of shareholders were answered and there were no questions left unanswered. There were no other interest holders and media at the General Assembly meeting other than shareholders. During the General Assembly meeting, information was provided to the partners under a separate agenda matter about the donations and aid given out within the period and a decision was made on the cap for donations in 2017. All of the decisions concerning the meeting agenda matters discussed in the General Assembly and the minutes of General Assembly meeting including the dividends were broadcasted on PDP and our company's website after the meeting.

2.4 Voting Rights and Minority Rights

No privileges are recognized concerning voting rights in the company Articles of Association. There is one vote per share in the Ordinary and Extraordinary General Assemblies. Shareholders may attend the General Assembly meetings by proxy with a power of attorney issued in the name of shareholders or non-shareholders representing them. Power of attorney holders who are also shareholders shall have the right to use their own vote plus the vote of the share they are representing. The power of attorney form is determined and announced by the Board in accordance with the CMB. While the company avoids all practices that make it difficult for shareholders to use their votes, the necessary mechanisms have been established to help shareholders vote easily and properly, even outside the borders. In this context, according to articles 21 and 34 of the articles of association concerning Participation in General Assembly Meetings Electronically, shareholders who have the right to participate in General Assembly Meetings are able to attend these meetings in electronic setting per Turkish Commercial Code article 1527. At the 2017 Ordinary General Assembly meeting the system established according to this provision of the articles of association was used to

CORPORATE GOVERNANCE COMPLIANCE REPORT

enable shareholders and their representatives to use their votes. There are no privileges concerning the use of votes. Only as a requirement of our articles of association, in board of director member elections, 5 of the Board members are selected amongst the candidates nominated by shareholders of the (A) group and 4 candidates nominated by the (B) group shareholders, after which the selection is carried out in the General Assembly. There is no reciprocal shareholding in our company.

2.5 Dividend Right

There are no privileges on dividend rights and profit is distributed equally to all existing shares. The company has a specific and consistent dividend distribution policy. This policy is presented to the partners for approval at the general assembly meeting and is disclosed on our company's corporate website. Profit is distributed according to the policy provisions.

Dividend Distribution Policy:

1. The annual profit of the Company is distributed per General Assembly meeting decision in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
2. The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
3. The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for dividend distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
4. The dividend distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
5. The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the board of directors authorized thereby.
6. Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
7. The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
8. There is no share certificate granting any privilege for dividend share.
9. Since the share certificates of the Company are registered on account as per the applicable regulations, dividend payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
10. Dividend distribution is effected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
11. The Company's articles of association should contain a specific provision for dividend distribution to Board members and Company's employees.
12. The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are presented to the partners in the ordinary general assembly.
13. The dividend distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
14. In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

2.6 Transfer of Shares

All of the A and B Group shares that were issued against our company's issued capital have been listed in the Stock Exchange. Whilst the Group A registered shares are not traded, the B group shares are issued to the holder and traded. Per article 7 of

the company Articles of Association "Founding partners who wish to sell their Group (A) Registered Shares shall first propose their intention in writing through the Board to the other partners. If none of the founding partners states an interest in the said shares at market value or the real value of the share stock this share may be sold to an outsider. All sales, which are not done accordingly shall be considered invalid by the company and shall not be entered on the company ledgers."

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Website of the Company and its Content

The objective of disclosure policy is to share the performance, expectations, strategies, targets, and visions of the company except for confidential business information with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium. This policy is presented to the approval of the partners during the general assembly meeting and is disclosed to the public in the annual report and on our company's website.

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles. In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website. The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, dividend distribution policy, disclosure policy, frequently asked questions and answers thereto. In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

3.2 Annual Report

The company's annual report is prepared according to the provisions in the Regulation on Determining the Minimum Contents of Company Annual Reports published in the Official Gazette no 28395 dated August 28, 2012, the periods in the Communiqué on Principles Concerning Financial Reporting in the Capital Markets (II - 14.1) and in the framework of Corporate Governance Principles and are disclosed to the public.

SECTION IV - STAKEHOLDERS

4.1 Informing Stakeholders

The rights of all our stakeholders and employees are protected and they are informed efficiently within the framework of our information policy concerning company activities. Stakeholders are organizations or interest groups like employees, creditors, customers, suppliers, unions and various nongovernmental organizations that are involved in our Company's reaching its goals or in its activities. The company protects the rights of stakeholders that are organized by relevant regulations and mutual contracts in its operations and activities. In cases where the rights of stakeholders are not protected under regulations and mutual contracts, the rights of stakeholders are protected in the framework of good faith and to the extent of the company's capabilities.

Our company forms the necessary mechanisms to forward any acts of stakeholders that are in violation of our company's relevant regulations and ethically unsuitable to the corporate governance committee or the committee in charge of auditing.

4.2 Participation of Stakeholders in Management

In order to encourage the participation of personnel at all levels in the management, management meetings are held on a regular basis with the attendance of department managers and senior managers. The "Suggestion System" for employees is actively used. In 2017, 42 of the 85 suggestions were accepted. Those whose suggestions are chosen to be the best are rewarded every year. All of the operations and processes of our company are carried out in accordance with the ISO 9001 quality management system procedures. While there is no provision in the company Articles of Association concerning

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employee participation in management, the principle to employ personnel who have been raised within the company for vacancies in senior management positions has been adopted.

Human Resources Policy

Action is taken in line with the Human Resources Policy broadcasted on the company website.

When forming employment policies and planning careers, the principle of providing equal opportunity to people in equal conditions is implemented. Employees are treated fairly in all rights and training programs are provided to increase their knowledge, skills and experience. Meetings are organized to inform employees and get their views on the financial status of our company, salaries, career, training and health. Periodic bulletins and announcements as necessary are issued to achieve an efficient communication network to inform employees, increase their motivation and develop good relations and communication.

Decisions that are made concerning the employees or developments about the employees are notified to the employee or their representatives and if deemed necessary the views of the concerned unions are obtained for these types of decisions.

Precautions are taken to ensure that employees are not discriminated based on race, religion, language and gender; and to protect employees from physical, mental and emotional abuse in the company.

Our company effectively supports the freedom to establish organizations and collective labour agreements. Relations with employees in the scope of Collective Labour Contracts are conducted through representatives. As an employer the company is a member of the Turkish Metal Industrialists (MESS) and its blue collar workers are members of the United Metal Labour Union.

A safe work environment and conditions are provided to our employees. In the scope of the "ISO 9001 Quality Management System" job descriptions and our booklet titled "The Basic Sources of Our Corporate Culture", which includes Our Quality Policy, Our Personnel Guidelines, Our Collective Labour Contract and Our Corporate Behaviour Principles, is given in printed form to each employee. The "Occupational Safety Handbook" is handed to our workers with priority as part of our activities which we carry out to prevent occupational accidents. Applications like vaccination, health screening and medical follow up is carried out meticulously to protect employee health, which is a top priority of the company. The necessary work within the framework of standards under the "OHSAS 18001 Occupational Health and Safety" management system certificate we possess is carried out in integration with our legal obligations. All of our employees and their spouses and children are covered under a group personal injury insurance policy 24/7 and 365 days a year.

Various social, athletic and artistic events are organized to motivate employees. Our Sarkuysan Tennis Table team has won domestic and international championships and a number of different achievements while we also have different activities in music.

Our Turkish Music Chorus, which is composed of our staff members, gives concerts to the local people in Gebze. Furthermore, folk dancing and Pilates activities continue.

4.3 Ethics Code and Social Responsibility

The Ethics Code of the Company is explained to the employees under the "Corporate Behaviour Principles" titles within "The Basic Principles of the Company Culture" manual.

Our company presents its governance undertakings concerning the environment and occupational safety with its "Environment, Occupational Health and Safety Policy" which it has disclosed to the public through our Company website.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, renovated and used as Company Headquarters for several years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and built as an Ottoman Architectural complex. Contributing to health sector by allocating the funds reserved in the beginning of the year for the urgent medical device needs of a health institution, the company also supports sports with its Table Tennis Team that frequently represents our country successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk Dance group consisting of its employees, the company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events.

There are no cases filed against our company for environmental damage in this period.

SECTION V - THE BOARD OF DIRECTORS

5.1 Structure and Organization of the Board of Directors

BOARD MEMBERS

Name&Surname:	Position	Executive or not
Hayrettin ÇAYCI	Chairman	Executive
Hamit MÜCELLİT	Acting Chairman	Executive
A. HAMDİ BEKTAŞ	Member	Executive
Cenap TAŞKIN	Member	Executive
Fuat SUCU	Member	Not executive
Maksut URUN	Member	Not executive
Nurtekin KEÇECİ	Member	Not executive
Turgay ŞOHOĞLU	Member	Not executive
Bekir Menetlioğlu	Member	Not executive
Ziya AKKURT	Member	Not executive
Mehmet BAHTİYAR	Member	Not executive

The Chairman and the General Manager positions are filled by two different persons.

According to the Company's Articles of Association, the management of the Company is carried out within the framework of Turkish Commercial Code provisions and the Capital Markets Board Regulation by 11 members, 9 of which are regular members and 2 of which are independent members, to be elected by General Assembly decision from among the 5 candidates nominated by A Group shareholders and 4 candidates to be nominated by B Group shareholders. The Board members must be determined as to assist conducting efficient and constructive work, making fast and rational decisions and effectively organizing the formation work of the committees.

Some members of the board are assigned in executive positions whilst others are not. (Members who are not assigned in an executive function are individuals that, except for membership, do not have any other management position in the company or an executive department that reports to them and are not involved in the daily work flow and ordinary activities of the company.) Amongst the board members who are not assigned in an executive function, there are independent members with the ability to carry out their duties without being under any kind of influence.

Since our company is in the 3rd group according to the criteria in the Corporate Governance Principles, the number of independent members in our board is 2. In the Ordinary General Assembly Meeting held in 2017, 2 independent members who fully meet the criteria set forth by the Capital Markets Board's communique no. II-17.1 were elected. The Independent Members of Board submitted their independence declarations and background information to the Corporate Governance Board before the General Assembly Meeting. No incidents that would invalidate the independent status of our independent board members occurred in this activity period.

In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2017, the terms of duty for the Members of the Board is 3 years; while the terms of duty for the Independent Members of the Board is 1 year. It was decided by General Assembly decision that the Board of Director Members be allowed to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations.

5.2 Principles of Board of Director Activities

Our Board of Directors meets at least once a month in the framework of articles of association provisions. The board chairman negotiates with the other members and the general manager to determine the agenda of the board meeting. The members pay attention to attend every meeting and state their opinions. Work has been started to make sure remote participation can be made

CORPORATE GOVERNANCE COMPLIANCE REPORT

possible through technological means and this has been included in the articles of association.

The chairman of the board is responsible for providing the information and documents concerning the agenda of the board meeting in a sufficient time ahead of the meeting for the board members to review them for ensuring equal information flow.

The opinions of members who did not attend the meeting but submitted their views in writing are presented to the information of other members.

Each member has one vote on the board.

How the Board of Directors meetings are to be held has been organized and also an internal guideline has been prepared in the framework of the TCC and relevant regulations. The Board of Directors met 20 times in 2017.

The issues on the agenda in Board meetings are openly discussed in every aspect. The chairman of the board does the best to make sure that nonexecutive members actively attend the board meetings. Board members shall record their reasonable and detailed justifications for opposing votes on issues they disagree in the decision record.

Members of Board shall set aside sufficient time for company work. If the member of Board is an administrator or board member in another company or provides consultation in another company, it is essential that this situation does not cause a conflict, interests or disruptions in the member's work in this company.

The Board Members shall always consult to the Chairman and ask for matters to be added to the agenda.

As part of Capital Markets legislation, as a related party transaction, the Board of Directors decision was taken regarding the purchasing transactions of the land owned by our affiliated company Sar Makina San. ve Tic. A.Ş. at Makina İhtisas Organized Industrial Zone. However, since above mentioned purchase price was much below the limits stipulated in the Communiqué, right to withdraw was not given to partners and it was not submitted for the approval of the General Assembly.

The Independent Members of Board have positive votes on the board decisions concerning related party processes presented to the Board of Directors for approval.

5.3 Numbers, Structure and Independence of the Committees under the Board of Directors

With the objective of carrying out the duties and responsibilities of our board efficiently, an "Audit Committee", a "Corporate Governance Committee" and an "Early Risk Detection Committee" were established in line with Board decision 1351/12.41 dated 18.09.2012 and these committees conduct their activities within the framework of their specified operation principles. However since a separate nomination committee and remuneration committee have not been established due to the structure of our board, the corporate governance committee carries out the duties of these committees. No conflicts of interest occurred in the committees in 2017.

The tasks, principles of work and which members will comprise the committees is determined by the board and disclosed on Public Disclosure Platform (PDP).

The general manager is not assigned in any of the committees.

The utmost care is taken to make sure that one board of director member is not assigned in more than one committee but members who have to serve on more than one committee due to the structure provide communication between the committees that serve in related matters and increase the ability to cooperate. The Board of Directors is of the opinion that the benefits expected from the committee work are being provided.

All kinds of resources and supports, which are required for the committees to fulfil their duties, are provided by the board of directors. The committees invite people, who they deem as necessary, to the meetings and obtain their views.

Committees utilize independent expert opinions on subjects they require concerning their operations. The fees for consultation which is needed by the committee are covered by the company. However, in such a case, information about the person/company service is being acquired from and whether or not this person/company has any relation with the company is included in our annual report.

Decisions that are made as a result of the independent work done by our committees are presented to the Board of Directors and the final decision is made by the Board of Directors. Committees put all their work in writing and keep records. Our committees meet at the frequency that is deemed necessary and explained in the working principles. Committees present reports containing information about their work and results of meetings to the Board of Directors.

The Audit Committee

Our audit committee monitors the company accounting system, the disclosure of financial information to the public, independent auditing and the operation and efficiency of the internal control and auditing system.

The independent audit company that our company will obtain services from and the services to be obtained from this company are determined by the audit committee and presented to the board for approval. The company accounting and internal audit system, investigation and conclusion of complaints received by the company concerning internal audit and the methods and criteria to be applied in the evaluation of disclosures concerning company employees, company accounting and independent audit in the framework of confidentiality principles are determined by the audit committee. The audit board makes an evaluation of the annual and interim financial statements to be disclosed to the public and their compliance with the accounting principles followed by the company and their accuracy and submits the evaluations along with the opinions of company administrators and independent auditors, in writing to the Board. The audit committee met 4 times in 2017 and the results of the meetings were recorded and decisions were presented to the board of directors. Explanations of the activities and meetings results of the audit committee are provided in the annual report. The number of audit committee's submission with written notification to the board within the accounting period is included in the annual report.

THE AUDIT COMMITTEE

Name&Surname	Position in the Company	Duty in the Committee
Ziya AKKURT	Independent Board Member	Chairman
Mehmet BAHTİYAR	Independent Board Member	Member

Corporate Governance Committee

Our corporate governance committee determines whether or not corporate governance principles are being implemented in our company, if not the reasons for not implementing and the conflicts of interest that are generated by not fully complying with these principles, they make recommendations to the board to improve the implementation of corporate governance applications and monitor the work of the investor relations department.

CORPORATE GOVERNANCE COMMITTEE

Name&Surname	Position in the Company	Duty in the Committee
Mehmet BAHTİYAR	Independent Board Member	Chairman
Turgay ŞOHOĞLU	Board Member	Member
Bekir MENETLİOĞLU	Board Member	Member
Suat VARDAR	Investor Relations Manager	Member

Nomination Committee (within our Corporate Governance Committee)

The duties of this committee include forming a transparent system for selecting, evaluating and training suitable candidates for the board and management positions with administrative responsibility, to determine policies and strategies on this subject, to make regular assessments of the structure and productivity of the Board and to submit suggestions to the Board on changes that could be made on these subjects.

Remuneration Committee (within our Corporate Governance Committee)

This committee determines the principles, criteria and applications to be used in the remuneration of Board members and managers with administrative responsibility taking into account the long term goals of the company and monitors the application thereof. The committee presents recommendations for the wages to be paid to Board members and managers with administrative responsibility considering their degree of meeting the criteria used in remuneration to the Board.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Early Risk Detection Committee

The early risk detection committee works to detect the risks that could endanger our company's existence, development and continuation, to take precautions concerning the detected risks and manage the risks; and reviews the risk management systems at least once a year. Additionally, the committee meets at least once in every two months and gives reports to the Board on their work.

EARLY RISK DETECTION COMMITTEE

Name&Surname	Position in the Company	Duty in the Committee
Ziya AKKURT	Independent Board Member	Chairman
Nurtekin KEÇEÇİ	Board Member	Member

Risk Management and Internal Control Mechanism

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short and long term targets are evaluated at every level of the organization starting from the Board of Directors' level. The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

The internal audit system of the company consists of job descriptions, authorization system, policies and documented procedures that were previously determined based on the work flows and processes. Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system. Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected. The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2017 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

5.4 Strategic Goals of the Company

The goals and critical performance indicators that are in parallel with the company's vision and mission are approved by the Board of Directors at the budget meetings which is organized at the end of the previous year. The Board of Directors reviews the results of activities and target indicators by comparing with the previous year's performance and target indicators in its ordinary meetings.

5.5. Financial Rights

The principles of remuneration for Board members and administrative staff have been transferred into written form and presented to the information of shareholders as a separate item on the agenda at the general assembly meeting of 07.04.2017. Our partners are given the opportunity to submit their opinions on the subject.

Dividends, profit options or payment plans based on the company's performance cannot be used in the remuneration of independent board members. In fact, the wages of our independent board members are determined at a level that will maintain their independence. Our company does not give loans to any board member or administrative staff, enable them to use a loan, extend the period of debts or loans enhance their conditions, enable use of a personal loan through a third person or submit collateral in their favour such as a surety.

All other benefits acquired with the wages given to Board members and administrative staff has been disclosed to the public via the annual report.

The wages, attendance fees and dividends from the annual profit of Board Members and administrative staff have been transferred to written form. The criteria and remuneration principles have been presented as a separate agenda subject in the General Assembly meeting dated 07.04.2017 and shareholders have been given the opportunity to state their opinions. Decisions, which are made at a later date, are written on record and disclosed to the public. This information that is included in our annual report is also available on our website.

STATEMENTS OF INDEPENDENCE FROM THE MEMBERS OF THE BOARD

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); within the scope of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academican at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore I will fulfil my Board membership as an independent member.

Yours faithfully,

Ziya AKKURT

STATEMENTS OF INDEPENDENCE FROM THE MEMBERS OF THE BOARD

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); within the scope of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academican at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore I will fulfil my Board membership as an independent member.

Yours faithfully,

Mehmet BAHTİYAR

DISCLOSURE POLICY

PURPOSE

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. pursues a transparent and accurate policy that enables its shareholders to be informed precisely, clearly, accurately and simultaneously within the framework of relevant laws and the Capital Markets Board (CMB) Corporate Governance Principles. Any information, which is not regarded as a trade secret and can be legally disclosed, is publicly communicated.

The objective of the disclosure policy is to share past performance, strategies, targets except for confidential business information, and visions of the company with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium.

Sarkuysan complies with the regulations of CMB and the regulations of the Istanbul Stock Exchange (BIST) regarding all public disclosure, and aims to follow the most accurate, fair, simultaneous, clear and efficient communication policy within the scope of CMB Corporate Governance Principles.

AUTHORITY AND RESPONSIBILITY

The authority and responsibility to follow, monitor and develop Sarkuysan's policy of clarifying and informing the public is under the responsibility of the Board, whilst the Vice General Manager (Finance), Accounting Department and Investor Relationships Department conduct the coordination of the disclosure function. Such authorities carry out their responsibilities in close cooperation with the Board and the General Manager.

The Disclosure Policy approved by the Board is submitted to the consideration of shareholders at the General Assembly meeting and disclosed publicly through the corporate website.

METHODS AND MEANS OF PUBLIC DISCLOSURE

The methods and means used to inform the public by Sarkuysan in accordance with the regulations of CMB and BIST and further with the appropriate provisions of the Turkish Commercial Code (TCC) are given below:

1. Material Event disclosures (submitted online to the Public Disclosure Platform (PDP)),
2. Financial statements, notes, independent audit reports and statements periodically disclosed on quarterly basis (submitted online to PDP),
3. Annual and interim reports,
4. Corporate website (www.sarkuysan.com),
5. Prospectus, circular, invitation for general assembly and other documents disclosed through Central Registration System (CRS) and the Central Database Service Provider (CDSP) systems,
6. Announcements and notices made in Turkish Trade Registry Gazette, and also in national and local newspapers that are widely circulated when necessary,
7. Press statements made in the press and mass media throughout the year parallel to the important developments,
8. Means and methods of communication such as telephone, e-mail, fax, etc.,
9. Announcements made through brochures and catalogues,
10. Domestic and International fairs participated.

PUBLIC DISCLOSURE OF MATERIAL EVENTS

The material event disclosures of Sarkuysan A.Ş are prepared by the Commercial Accounting Directorate and Investor Relations Department, and submitted online to PDP by duly authorized directors. The relevant units carry out controls in connection with the publication of such disclosures on PDP.

Officials with administrative function are Board Members, Auditors, the General Manager, the Assistant General Managers, Accounting Directorate (Commercial) and other officials who make administrative decisions having effect on future development and commercial objectives of Sarkuysan.

Such officials are announced in the Annual Report updated annually and on the corporate website.

In the event that there are legal and commercial relationships between our Company and real & legal entities with which we directly or indirectly collaborate for capital management and audit purposes, the necessary disclosures are made pursuant to the appropriate provisions of CMB.

PUBLIC DISCLOSURE OF FINANCIAL STATEMENTS

Financial statements and footnotes of Sarkuysan are prepared in consolidated form in accordance with the provisions set forth by the Capital Markets Board and International Financial Reporting Standards (IFRS). Annual and semi-annual financial statements are subject to independent audit in accordance with International Audit Standards before public disclosure. 3 and 9 month Financial Statements are also prepared in accordance with IFRS and publicly disclosed within a defined timeframe.

DISCLOSURE POLICY

In accordance with the Capital Markets Legislation, prior to public disclosure of the financial statements and footnotes, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee. After attestation is granted at the meeting, financial statements, footnotes and the independent audit reports are submitted to BIST and CMB in accordance with the Capital Market Law and BIST.

Financial statements and footnotes that are disclosed on PDP are publicly announced simultaneously with PDP on our corporate website under a link titled BIST due to our agreement with Forex. In addition to that, data of financial statements are retrospectively stored for a period of five years under the heading "Annual Reports" in the Investor Relations section of the corporate website.

PUBLIC DISCLOSURE OF THE ANNUAL REPORT

The content of yearly and interim Annual Reports is prepared in accordance with the Turkish Commercial Code, Capital Market legislation and CMB's Corporate Governance Principles. Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) are applied to the annual report and financial statements.

Once Annual Reports are prepared, they are subject to the Board's approval, and then reports are publicly disclosed through the corporate website three weeks prior to the General Assembly meeting, and also communicated to PDP online. Investors may obtain a Turkish and English hard-copy version of the Annual Report from the Accounting Directorate and Investor Relations Department.

WEBSITE

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles.

In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website.

The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, dividend distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers.

In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

ANNOUNCEMENTS AND NOTICES PUBLISHED ON THE TURKISH TRADE REGISTRY GAZETTE

As required by the Capital Market Law, Turkish Commercial Code and the Company's Articles of Association; the announcements related to the General Assembly meeting, capital increase and dividend payment are published both in the Turkish Trade Registry Gazette and daily newspapers.

STATEMENTS ON EXERCISING THE RIGHTS OF PARTNERSHIP

Pursuant to CMB regulations, shareholders are informed about the General Assembly, Capital Increase, Dividend Payments, merger and appropriate matters through prospectuses and announcements.

Company's Ordinary General Assembly meetings are held every year within legal periods specified. The information and documents to be discussed during the General Assembly meeting can be listed as the List of Attendance, Annual Report, Auditor's Report, Balance Sheet, Statement of Income, minutes of meeting for the General Assembly and Amendments to the Articles of Association, if any.

MEASURES TO KEEP IN-HOUSE INFORMATION CONFIDENTIAL UNTIL PUBLIC DISCLOSURE

Sarkuysan A.Ş. employees with internal information and other relevant parties are informed about their liability to ensure confidentiality of internal information between the time when the information subject to a material event disclosure develops until it is announced on PDP.

In the event that it is determined that internal information has unintentionally been shared by people working for and on behalf of Sarkuysan A.Ş. with third parties, if it is concluded that the confidentiality of the information cannot be protected within the scope of CMB legislations, a material event disclosure is made immediately.

GUARANTEES/PLEDGES/MORTGAGES SUPPLIED BY THE COMPANY

	31.12.2017 AMOUNT (TL)	31.12.2016 AMOUNT (TL)
A. Total value of GPM assigned on behalf of the Company	532,883,420	469,355,632
Sarkuysan A.Ş. Letter of Guarantees Given	112,208,014	128,149,656
Sarkuysan A.Ş. Surety Bonds Given	401,003,511	324,780,277
Sar Makina A.Ş. Letter of Guarantees Given	744,962	811,114
Bemka A.Ş. Letter of Guarantees Given	-	-
Bemka A.Ş. Mortgages Given	-	-
Bemka Surety Bonds	-	-
Bektaş A.Ş. Letter of Guarantees Given		2,117
Sarda A.Ş. Letter of Guarantees Given	18,920,000	15,606,000
Aegean Free Trade Zone Letter of Guarantees Given	6,933	6,468
B. Total amount of the GPM assigned in favour of the corporations included in the scope of full consolidation	115,606,762	91,245,229
Sureties Given	115,606,762	91,245,229
Mortgages Given		
C. Total amount of the GPM assigned for securing debts of other 3rd persons in order to carry out ordinary business operations.		
D. Total amount of other GPMs assigned		
ii. Total amount of the GPMs assigned in favour of the other group companies that are not within the scope of B and C.		
iii. Total amount of the GPMs assigned in favour of 3rd persons that are not within the scope of C.		
Total	648,490,182	560,600,861

DIVIDEND DISTRIBUTION POLICY

1. The annual profit of the Company is distributed as per the decision taken during the general assembly meeting in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
2. The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
3. The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for dividend distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
4. The dividend distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
5. The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined by the general assembly or by the board of directors authorized thereby.
6. Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
7. The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
8. There is no share certificate granting any privilege for dividend share.
9. Since the share certificates of the Company are registered on account as per the applicable regulations, dividend payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
10. Dividend distribution is effected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
11. The Company's articles of association should contain a specific provision for dividend distribution to Board members and Company's employees.
12. The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are disclosed to the public within the framework of rules concerning public disclosure of material events and are presented to the partners during the ordinary general assembly meeting.
13. The dividend distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
14. In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

DIVIDEND DISTRIBUTION RECOMMENDATION

The 85,594,580 - TL Net Distributable Period Profit that remains after the Taxes to be Paid and the General Legal Reserves are deducted from the period profit on our Consolidated Income Table dated 31.12.2017 prepared in accordance with the Capital Markets Board and the donations are added, is recommended to be distributed as shown in the table below per article 25 of our articles of association and our partners be given an 14.45% net dividend and the distribution date be 11.06.2018.

If this proposal is accepted, 17% (0.17 TL) Gross and 14.45% (0.1445 TL) Net in cash dividend will be given for each nominal value share of 1.-TL of our 200,000,000:-TL Paid Capital.

Yours faithfully,

The Board of Directors

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION IN 2017

1. Paid-in/Issued Capital		200,000,000
2. General Legal Reserves (According to Legal Records)		26,263,855
Information on the relevant privilege if any privileges are applied in the distribution of dividends		None.
	According to CMB	According to Legal Registries
3. TERM PROFIT	114,357,517	70,158,331
4. Taxes (-)	26,155,555	14,142,587
	Corporate Tax (-)	14,142,587
	Provision for Deferred Tax (-)	0
5. Net Term Profit	88,201,962	56,015,744
6. Previous Years Losses (-)	0	0
7. General Legal Reserve (-)	2,800,787	2,800,787
8. 75% of Property Sales		0
9. NET DISTRIBUTABLE PROFIT FOR THE PERIOD	85,401,175	53,214,957
10. Donations Made Within the Year (+)	193,405	
Net Distributable Profit for the Period Incl. Donations	85,594,580	
12. First Dividend to Shareholders	4,279,729	
	Cash	4,279,729
	Bonus	0
	Total	4,279,729
13. Dividends Distributed to Privileged Shareholders	0	
14. Other Dividends Distributed	2,513,291	
	Dividends to Board Members	2,513,291
15. Dividends Distributed to Holders of Redeemed Shares	0	
16. Second Dividend to Shareholders	29,720,271	
	Cash	29,720,271
	Bonus	0
	Total	29,720,271
17. General Legal Reserve (-)	2,651,329	
18. Statuary Reserves	0	0
19. Special Reserves	0	0
20. EXTRAORDINARY RESERVE	46,236,555	14,050,337
21. Other Resources to be Distributed	0	0
	Profits of the Previous Years	
	Extraordinary Reserves	
	Other Reserves Distributable pursuant to Law and Articles of Association	

DIVIDENDS TABLE - DIVIDENDS PER SHARE

Group	Total Dividends Distributed		Total Dividends Distributed/Net	1 TL Nominal Value Share of the Dividend corresponding to	
	Cash (TL)	Bonus (TL)	Distributable Dividends	Ratio %	Amount (TL)
Net A	144.50	0.00		0.00	0.1445
B	28,899,855.50	0.00		33.84	0.1445
Total	28,900,000.00	0.00		33.84	0.1445

AUDIT REPORT ON EARLY RISK DETECTION SYSTEM AND COMMITTEE

TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ

We have audited the early risk detection system and committee established by the Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

The Board's Responsibility

Per article 378 clause 1 of the Turkish Commercial Code (TCC) Law no. 6102, the Board of Directors is responsible for establishing an expert committee for early risk detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; for operating and developing the system.

Responsibility of the Auditor

Our responsibility is to come to a conclusion concerning the early risk detection system and committee based on the audit we have conducted. The audit we have conducted is in accordance with the TCC and the "Principles of Audit Reports Concerning Early Risk Detection Systems and Committees" published by the Public Oversight, Accounting and Audit Standards Agency ("KGK") and ethical rules. These Principles require that we evaluate whether or not the company has established an early risk detection system, if so whether or not the system and committee are operating according to TCC article 378. Whether the solutions provided for the risks detected by the early risk detection committee are appropriate and the actions taken by the management against risks are outside of our scope.

Information on the Early Risk Detection System and Committee

The Group established the committee September 18th, 2012 and the committee consists of 2 (two) members. The Committee met 6 (six) times in 2017 for early risk detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; and the reports prepared as a result were submitted to the Board.

Conclusion

As a result of the audit we conducted, we have found the early risk detection system and committee established by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. to be sufficient in every perspective within the framework of TCC article 378.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş. An Independent Member of BAKER TILLY INTERNATIONAL



Dr. Hakkı DEDE

Responsible Partner Lead Auditor
(Istanbul, March 12th, 2018)

INDEPENDENT AUDIT REPORT REGARDING THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

Opinion

We have audited the Annual Report of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. for the fiscal period covering the period between January 1st and December 31st, 2017.

In our opinion, the financial information provided in the annual report of the Board of Directors as well as the discussions of the Board of Directors regarding the status of the Group, is presented fairly and consistent with the whole set of financial statements audited and information acquired during the independent audit in all material respects.

Basis of Opinion

The independent audit we have conducted is in accordance with the Independent Audit Standards (IAS), which are inseparable parts of the Turkish Audit Standards published by the Public Oversight, Accounting and Audit Standards Agency ("KGK"). Our responsibilities as part of the aforementioned standards are explained in detail in our report under the title of Responsibility of the Independent Auditor on the Annual Report of the Independent Auditor. Ethics Code for the Independent Auditors (Code of Ethics) published by KGK and ethical rules pursuant to the legislation regarding independent audits, we hereby declare that we are independent from the Group. Code of Ethics and other responsibilities regarding the ethics as per the legislation have been carried out by our party. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Auditor Opinion on the Whole Set Financial Statements

We kindly submitted our opinion on the whole set of financial statements of the Group regarding the period covering January 1st and December 31st, 2017 in our report dated March 12th, 2018.

Responsibility of the Board of Directors regarding the Annual Report

The executives of the Group are responsible from the following items regarding the annual report as per the articles 514 and 516 of the Turkish Commercial Code (TCC) no 6102:

- Annual report shall be prepared within the first three months following the date of the balance sheet and submitted to the attention of the General Assembly.
- The annual report shall be prepared to include the activities carried out within the year, and the Group's financial status in a complete, correct, direct, realistic and honest way. The financial status given in the report shall be evaluated according to the financial statements. The report shall also explicitly highlight the development of the Group and the possible risks to be encountered. The assessment of the Board of Directors on the subject issues shall be included in the report.
- The annual report shall also include the following issues:
 - Special incidents occurred in the Group after completion of the operation period for the year-in-question,
 - Research and development activities of the Group,
 - Financial benefits such as the salaries, premiums, bonuses, etc., allowances, travel, accommodation and representation expenses and real and cash benefits, insurances and similar securities.

During the preparation process of the annual report, the Board of Directors shall also consider the regulations stipulated by the secondary legislation of the Ministry of Customs and Trade and other related institutions.

Responsibility of the Independent Auditor regarding the Independent Audit of the Annual Report

The purpose is to provide our opinion on whether or not financial information provided in the annual report as well as the discussions of the Board of Directors are consistent with and represent the actual situation in the audited financial statements of the Group and information acquired during the independent audit and to prepare a report including our opinion.

The independent audit that we carried out was in compliance with the Independent Audit Standards. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and discussions of the Board of Directors is free from material misstatement and consistent with the financial statements and information gathered during the independent audit.

The independent audit was carried out and completed by Hakkı Dede, auditor in charge.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş. An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Responsible Partner Lead Auditor
(Istanbul, March 12th, 2018)

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL TABLES AND

INDEPENDENT AUDIT REPORT DATED

JANUARY 1, 2017 - DECEMBER 31, 2017

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITOR'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ YÖNETİM KURULU'NA;

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the (consolidated) financial statements of and subsidiaries Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at December 31, 2017 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Trade Receivables	
See Consolidated Financial Statement Notes 2.09.09 and 10.	
Key Auditing Issue	How we dealt with this issue in our audit
<p>Group Trade Receivables is TL 573,897,522 and account for 38% of the consolidated assets. TL 36,793,207 provisions for doubtful trade receivables is set aside in the financial statements. The Group makes certain estimations and adopts certain policies in order to reduce the value of the trade receivables to recoverable amounts, and to determine the amount of provision that is needed.</p> <p>Taking into account the importance of trade receivables in the financial statements, the presence and recoverability of the trade receivables constitute a key issue for the audit.</p>	<p>Our auditing procedures are based on verification of trade receivables and testing whether appropriate provisions were set aside for taking into account collaterals provided for trade receivables that cannot be collected.</p> <p>We evaluated the effectiveness of the internal control of the financial reporting related to receivables risk and how the receivables are followed up.</p> <p>Receivables risk policy of the Group is based on analysis of overdue trade receivables taking into account credit insurances and collaterals that have been collected.</p> <p>We evaluated the third party verifications of trade receivables, and recalculated the exchange rate valuation of trade receivables in the financial statements, receivables rediscount (deferred interest income) and other valuations.</p> <p>We evaluated appropriateness of provisions that are entered, taking into account the aging results of the receivables, economic conditions, capacity to collect overdue receivables, the lawsuits and execution proceedings that have been launched, collaterals collected in consideration of receivables, credit insurance amounts, and amounts collected in the subsequent periods.</p> <p>We examined the appropriateness of explanations made in the notes related to trade receivables.</p>

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITOR'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

Determining Fair Value of Immovable Properties Held for Investment Purposes

See Consolidated Financial Statement Notes 2.09.19 and 17.

Key Auditing Issue

The fair value of the immovable properties of the Group as of 31 December 2017 held for investment purposes is TL 63,312,129 .- The 2017 income statement of the Group contains an earning of TL 27,239,374 corresponding to an increase in the value of immovable properties held for investment purposes.

Fair values of the Group immovable properties held for investment purposes are written down according to valuation reports issued by independent experts. These independent valuation companies used various estimations and assumptions, when making valuations. Therefore, determining fair value of immovable properties held for investment purposes and writing them correctly in financial statements, is a key issue for our audit.

How we dealt with this issue in our audit

Our auditing procedures are designed to question the fair value of the immovable properties held for investment purposes.

We examined the competency and neutrality of immovable property valuation experts appointed by the Group management.

We evaluated appropriateness of valuation methods used by the valuation experts.

We made discussions with the Group management and in these discussions, we compared the estimations and assumptions used in the valuation reports with assumptions made in the previous years.

We examined the explanations in the financial statement notes related to fair values of immovable properties held for investment purposes, and checked the adequacy of information given in these notes.

Financial Liabilities

See Consolidated Financial Statement Notes 2.09 and 8.

Key Auditing Issue

The total amount of short-term and long-term financial liabilities of the Group is TL 866,357,646 in its financial statements, and constitutes a substantial portion of the Group liabilities.

The Group writes down its financial liabilities at discounted cost using the effective interest method. Calculating and reconciling the discounted cost of financial liabilities is a key issue for our audit.

How we dealt with this issue in our audit

We designed our auditing procedures to question the accuracy of financial liabilities.

We obtained third party verifications of the Group's financial liability balances. We recalculated and tested the internal efficiency ratios and discounts calculated by the Group for its financial liabilities.

We examined the explanations in the financial statement notes related to financial liabilities, and checked the adequacy of information given in these notes.

Proceeds

See Consolidated Financial Statement Notes 2.09.01 and 28.

Key Auditing Issue

Pursuant to the proceeds policy of the Group, when the revenues are determined reliably and it is likely that the Group will derive economic benefit from the transactions, the amount that are or will be collected are accounted for in the financial statements, on an accrual basis at fair values.

Proceeds related to the accounting period in which the products are sold, are accounted for when the major risks and earnings pertaining to ownership are transferred to the buyer.

Timely and accurate recording of proceeds, and performance monitoring, constitute key issues for our audit.

How we dealt with this issue in our audit

Our auditing procedures are based on verifying that proceeds are recorded timely and accurately.

We examined the accounting policies related to entering Group proceeds in the financial statements.

We evaluated the proceeds process by examining and observing sales and delivery procedures of the Group.

We focused our auditing procedures on cases where invoices are issued but risk and ownership are not transferred; and in this context we analyzed invoices, waybills, warehouse departure and delivery documents by adopting a sampling method, and checked whether actual deliveries took place before the balance sheet date.

We asked for the details of the return on sales account as of the auditing date, and checked whether any substantial return has taken place after the balance sheet date.

We examined appropriateness of explanations in the notes related to proceeds.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITOR'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Independent Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the (consolidated) financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In order to provide an opinion about the consolidated financial statements, we obtain sufficient and appropriate auditing evidence related to financial information on group companies or operations. We are responsible for directing, supervising and executing the Group auditing. We are solely responsible for the auditing opinion we are providing.

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

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

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITOR'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

Other Responsibilities Arising From Regulatory Requirements

1) In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No:6102; auditor's report on the early risk identification system and comitee has been submitted to the company's Board of Directors on March 12, 2018.

2) In accordance with subparagraph 4 of Article 402 of the "TCC"; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2017 is not in compliance with the code and provisions of the Group's articles of association in relation financial reporting.

3) In accordance with subparagraph 4 of Article 402 of the "TCC"; the board of directors provided us the necessary explanations and submitted required documents within the context of audit.

The engagement partner on the audit resulting in this independent auditor's report is Hakkı Dede

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE
Responsible Auditor
(Istanbul, March 12th, 2018)

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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR

THE PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

ASSETS	Notes	Audited Current Period 31.12.2017	Audited Previous Period 31.12.2016
Current Assets		1.148.999.674	793.478.483
Cash and Cash Equivalents	6	52.081.584	26.520.336
Financial Investments	7	-	-
Trade Receivables	10	573.897.522	355.031.796
- Trade Receivables from Unrelated Parties	10	572.616.591	354.122.338
- Trade Receivables from Related Parties	10, 37	1.280.931	909.458
Receivables from Finance Sector Activities		-	-
Other Receivables	11	62.078.862	45.392.508
- Other Trade Receivables from Unrelated Parties	11	62.078.862	45.392.508
- Other Trade Receivables from Related Parties		-	-
Derivative Financial Instruments	14	2.723.991	2.413.283
Inventories	13	385.256.363	322.420.750
Prepaid Expenses	26	70.373.360	29.572.763
Current Tax Assets	35	521.598	1.296.778
Other Current Assets	26	2.066.394	10.830.269
Total		1.148.999.674	793.478.483
Assets Held For Sale	34	-	-
Non-Current Assets		357.659.791	314.379.611
Financial Investments	7	24.558	24.558
Trade Receivables	10	-	-
Due From Finance Sector Operations	12	-	-
Other Receivables	11	401.930	258.367
- Other Receivables from Unrelated Parties		401.930	258.367
- Other Receivables from Related Parties		-	-
Derivative Financial Instruments	14	-	-
Investments Evaluated with Equity Method	16	27.135.743	25.066.364
Investment Properties	17	63.312.129	58.627.755
Tangible Assets	18	249.003.711	217.907.006
Intangible Assets	19	9.583.839	4.364.102
Prepaid Expenses	26	4.900.742	269.048
Deferred Tax Asset	35	3.297.139	7.862.411
Other Non-Current Assets	26	-	-
TOTAL ASSETS		1.506.659.465	1.107.858.094

The accompanying notes are integral parts of the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR

THE PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 31.12.2017	Audited Previous Period 31.12.2016
LIABILITIES			
Short-Term Liabilities		900.424.038	577.655.087
Short-Term Financial Liabilities	8	704.328.697	388.051.775
Short-term Portion of Long-term Financial Liabilities	8	42.209.604	61.569.984
Other Financial Liabilities	9	-	-
Trade Payables	10	115.221.872	105.938.205
- Other Trade Payables to Unrelated Parties	10, 38	115.221.872	105.938.205
- Other Trade Payables to Related Parties		-	-
Employee Benefit Obligations	12	3.634.224	3.542.244
Other Payables	11	4.747.275	6.100.895
- Other Payables to Unrelated Parties	11	4.747.275	6.100.895
- Other Payables to Related Parties		-	-
Derivative Financial Instruments	14	241.893	3.021.457
Deferred Income	26	12.419.263	1.243.601
Period Income Tax Liabilities	35	3.646.952	868.424
Short – Term Provisions	22,24	13.527.587	6.958.546
- Provisions for Employee Benefits		12.088.982	5.974.299
- Other Short-Term Provisions		1.438.605	984.247
Other Current Liabilities	26	446.671	359.956
Total		900.424.038	577.655.087
Liabilities Regarding Assets Held For Sale		-	-
Long-Term Liabilities		153.216.583	152.168.292
Long-Term Payables	8	119.819.345	123.853.976
Trade Payables	10	-	-
Long-Term Provisions	24	32.633.288	26.750.080
- Provisions for Employee Benefits		32.633.288	26.750.080
- Other Long-Term Provisions		-	-
Deferred Tax Liabilities	35	763.950	1.564.236
SHAREHOLDERS' EQUITY		453.018.844	378.034.715
Parent Company Shareholders' Equity	27	452.491.301	377.806.545
Paid-in Capital		200.000.000	125.000.000
Capital Adjustment Positive Differences		1.020.551	51.466.039
Other Accumulated Comprehensive Income/Expense not to be reclassified as profit or loss		(5.245.253)	14.940.652
Other Accumulated Comprehensive Income/Expense to be reclassified as profit or loss		26.485.559	21.818.759
Restricted Profit Reserves		30.843.011	30.719.893
Previous Years Profits/Losses		111.498.511	103.606.841
Net Period Profit/Loss		87.888.922	30.254.361
Non-Controlling Interests		527.543	228.170
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1.506.659.465	1.107.858.094

The accompanying notes are integral parts of the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE

PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 01.01.2017 31.12.2017	Reclassified Audited Previous Period 01.01.2016 31.12.2016
PROFIT OR LOSS			
Revenue	5, 28	4.349.760.480	2.900.485.835
Cost of Sales (-)	5, 28	(4.130.011.725)	(2.784.739.275)
GROSS PROFIT		219.748.755	115.746.560
Marketing, Selling and Distribution Expenses (-)	29, 30	(18.400.494)	(16.860.199)
General Administration Expenses(-)	29, 30	(48.986.004)	(36.958.774)
Research and Development Expenses (-)	29, 30	(1.940.285)	(536.558)
Other Operating Income	31	123.710.149	122.861.293
Other Operating Expenses (-)	31	(152.874.320)	(84.479.995)
OPERATING PROFIT / (LOSS)		121.257.801	99.772.327
Income from Investment Activities	32	28.194.347	12.480.000
Loss from Investment Activities (-)	32	-	-
The Profit/(Loss) Portion of Investments Evaluated With Equity Method	16	2.372.197	(6.494.232)
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		151.824.345	105.758.095
Financial Income	33	284.801.255	58.636.441
Financial Expense (-)	33	(322.268.083)	(125.913.872)
CONTINUED OPERATIONS PROFIT / (LOSS) BEFORE TAX		114.357.517	38.480.664
Continued Operations Tax Profit / (Loss)	35	(26.155.555)	(8.195.391)
- Current Period Tax Income /(Expense)		(22.354.160)	(7.398.082)
- Deferred Tax Income / (Expense)		(3.801.395)	(797.309)
CONTINUED OPERATIONS PERIOD PROFIT / (LOSS)		88.201.962	30.285.273
DISCONTINUED OPERATIONS			
Discontinued Operations Profit / (Loss) After Tax		-	-
PERIOD PROFIT / (LOSS)		88.201.962	30.285.273
Distribution of Period Profit / (Loss)		88.201.962	30.285.273
Non-Controlling Interests		313.040	30.912
Parent Company		87.888.922	30.254.361
Net Earnings Per Share	36	0,00439	0,00151

The accompanying notes are integral parts of the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE

INCOME FOR THE PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 01.01.2017 31.12.2017	Audited Previous Period 01.01.2016 31.12.2016
PROFIT / (LOSS) FOR THE PERIOD	27	88.201.962	30.285.273
OTHER COMPREHENSIVE INCOME			
Items Not To Be Reclassified in Profit Or Loss		(358.923)	(2.069.741)
Increase / Decrease in Revaluation of Tangible Assets		-	-
Defined Benefit Plans Re-Measurement Gains (Losses)	24	(92.513)	(2.016.214)
Shares Not To Be Classified in Other Profit Or Loss Of Investments Valued By Equity Method	16	(302.818)	(448.490)
Other Comprehensive Income Taxes Not to be Reclassified to Profit or Loss	35	36.408	394.963
- <i>Period Tax Expense/Income</i>		-	-
- <i>Deferred Tax Expense/Income</i>		36.408	394.963
Items To Be Reclassified in Profit or in Loss		4.667.044	7.083.729
Foreign Currency Translation Adjustment	27	4.667.044	7.083.729
Shares To Be Classified in Other Profit Or Loss Of Investments Valued By Equity Method		-	-
Other Comprehensive Income Taxes To Be Reclassified To Profit Or Loss		-	-
- <i>Period Tax Expense/Income</i>		-	-
- <i>Deferred Tax Expense/Income</i>		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		4.308.121	5.013.988
TOTAL COMPREHENSIVE INCOME		92.510.083	35.299.261
Distribution of Comprehensive Income			
Non-Controlling Interests		312.775	27.042
Parent Company		92.197.308	35.272.219

The accompanying notes are integral parts of the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S

EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

Audited Current Period	Notes	Paid-in Capital	Capital Adjustment Differences	Revaluation and Gain/Loss Arising from Measurement	Other Comprehensive Income/(Expense) Not To Be Reclassified To Profit Or Loss
					Shares Not To Be Classified in Other Profit Or Loss Of Investments Valued By Equity Method
Balance At January 1 ,2017		125.000.000	51.466.039	14.891.096	49.556
Adjustments Regarding Change in Accounting Policies		-	-	-	-
Adjustments Regarding Misstatements		-	-	-	-
Other Adjustments		-	-	-	-
Amounts After Adjustments		125.000.000	51.466.039	14.891.096	49.556
Transfers	27	-	-	(19.827.490)	-
Capital Increase		75.000.000	(50.445.488)	-	-
Dividends		-	-	-	-
Transactions with Non- Controlling Shareholders		-	-	-	-
Total Comprehensive Income		-	-	(55.597)	(302.818)
- Net Period Profit		-	-	-	-
- Other Comprehensive Income/ Expenses		-	-	(55.597)	(302.818)
Balance At December 31, 2017		200.000.000	1.020.551	(4.991.991)	(253.262)

Audited Previous Period	Notes	Paid-in Capital	Capital Adjustment Differences	Revaluation and Gain/Loss Arising from Measurement	Other Comprehensive Income/(Expense) Not To Be Reclassified To Profit Or Loss
					Shares Not To Be Classified in Other Profit Or Loss Of Investments Valued By Equity Method
Balance At January 1 ,2016		125.000.000	51.466.039	16.508.391	498.046
Adjustments Regarding Change in Accounting Policies		-	-	-	-
Adjustments Regarding Misstatements		-	-	-	-
Other Adjustments		-	-	-	-
Amounts After Adjustments		125.000.000	51.466.039	16.508.391	498.046
Transfers	27	-	-	-	-
Capital Increase		-	-	-	-
Dividends		-	-	-	-
Transactions with Non- Controlling Shareholders		-	-	-	-
Total Comprehensive Income		-	-	(1.617.295)	(448.490)
- Net Period Profit		-	-	-	-
- Other Comprehensive Income/ Expenses		-	-	(1.617.295)	(448.490)
Balance At December 31, 2016		125.000.000	51.466.039	14.891.096	49.556

The accompanying notes are integral parts of the consolidated financial statements.

Other Comprehensive
Income/(Expense) to
be Reclassified to Profit
or Loss

Foreign Currency Translation Adjustments	Restricted Reserves		Accumulated Profit				
	Legal Reserves	Gain on Sale of Participation Shares and Real Estate	Previous Years Profit/ (Loss)	Net Period Profit/Loss	Parent Company Equity	Non- Controlling Interests	Shareholder's Equity
21.818.759	28.138.521	2.581.372	103.606.841	30.254.361	377.806.545	228.170	378.034.715
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21.818.759	28.138.521	2.581.372	103.606.841	30.254.361	377.806.545	228.170	378.034.715
-	2.704.490	(2.581.372)	49.958.734	(30.254.361)	-	-	-
-	-	-	(24.554.512)	-	-	-	-
-	-	-	(17.512.551)	-	(17.512.551)	(13.402)	(17.525.953)
-	-	-	-	-	-	-	-
4.666.800	-	-	-	87.888.922	92.197.307	312.775	92.510.082
-	-	-	-	87.888.922	87.888.922	313.040	88.201.962
4.666.800	-	-	-	-	4.308.385	(265)	4.308.120
26.485.559	30.843.011	-	111.498.511	87.888.922	452.491.301	527.543	453.018.844

Other Comprehensive
Income/(Expense) to
be Reclassified to Profit
or Loss

Foreign Currency Translation Adjustments	Restricted Reserves		Accumulated Profit				
	Legal Reserves	Gain on Sale of Participation Shares and Real Estate	Previous Years Profit/ (Loss)	Audited Current Period	Parent Company Equity	Paid-in Capital	Capital Adjustment Differences
14.735.116	24.783.585	2.581.372	92.288.934	35.771.578	363.633.061	(38.349)	363.594.712
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14.735.116	24.783.585	2.581.372	92.288.934	35.771.578	363.633.061	(38.349)	363.594.712
-	3.354.936	-	32.416.642	(35.771.578)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(20.362.724)	-	(20.362.724)	(17.169)	(20.379.893)
-	-	-	(736.011)	-	(736.011)	256.646	(479.365)
7.083.643	-	-	-	30.254.361	35.272.219	27.042	35.299.261
-	-	-	-	30.254.361	30.254.361	30.912	30.285.273
7.083.643	-	-	-	-	5.017.858	(3.870)	5.013.988
21.818.759	28.138.521	2.581.372	103.606.841	30.254.361	377.806.545	228.170	378.034.715

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE

PERIOD ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 01.01.2017 31.12.2017	Reclassified Audited Previous Period 01.01.2016 31.12.2016
A) CASH FLOW PROVIDED FROM OPERATIONS		(128.608.051)	26.899.203
Net Profit / (Loss)		88.201.962	30.285.273
Period Profit/Loss from Continued Operations		88.201.962	30.285.273
Period Profit/Loss from Discontinued Operations			-
Adjustments Regarding:		123.754.801	108.017.938
Depreciation and Amortization (+)	18, 19	23.849.574	20.063.360
Interest Income and Interest Expenses	33	45.184.583	41.659.305
Interest Income	33	(5.415.961)	(1.938.762)
Interest Expenses	33	50.600.544	43.598.067
Cancellation of Impairment	13, 31	5.309.541	9.622.855
<i>Impairment of Receivables</i>	10	5.309.541	17.287.015
<i>Other Impairments</i>	11	-	(731.898)
<i>Impairment of Inventories</i>	31	-	(6.932.262)
Adjustments regarding Provisions	24	15.273.089	6.089.171
<i>Employee Benefit Provisions(Cancellations)</i>	12, 24	14.818.731	6.373.940
Other Provisions (Cancellations)	22	454.358	(284.769)
Tax (Income) / Expense	35	26.155.555	8.195.391
Unrealized Foreign Exchange Differences		42.005.556	28.373.624
Fair Value Losses/Gains	14	(30.695.927)	(12.480.000)
Undistributed Profits of Investments valued by equity method	16	(2.372.197)	6.494.232
Gain/Loss of Fixed Assets	32	(954.973)	-
Operational Income before Changes in Working Capital		(318.887.926)	(101.923.772)
Increase in Trade Receivables /Other Receivables (-)	10	(224.976.679)	5.666.957
Decrease / Increase in Inventories (+), (-)	13	(62.835.613)	(127.395.357)
Decrease/ (Increase) in Other Receivables Related to Activities	11	(8.066.042)	127.561
Decrease/ (Increase) in Other Receivables Related to Activities	10	9.615.006	64.752.310
Increase/Decrease in Other Payables Regarding Activities	11,20,22	(1.353.620)	4.033.284
Prepaid Expenses Increase (-) /Decrease(+)	26	(45.432.291)	(24.508.459)
Employee Benefit Obligation Increase (-) / Decrease (+)	24	91.980	813.737
Deferred Income increase (-) / decrease (+)	26	11.175.662	(26.129.447)
Other Increase and Decrease in Working Capital (+) / (-)		2.893.671	715.642
Net Cash Inflow Provided/(Used) From Operating Activities:		(106.931.163)	36.379.439
Payments Regarding Employee Benefit Provisions	24	(2.876.436)	(2.590.953)
Tax Returns (Payables)		(18.800.452)	(6.889.283)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		(32.413.960)	(15.338.019)
Acquisitions of Tangible Assets and Investment Property (-)	18,19	2.895.945	27.799
Tangible Assets Disposals (+) and Intangible Assets Disposals	18,19	(35.309.905)	(15.365.818)
C)CASH FLOWS FROM FINANCIAL ACTIVITIES		188.165.820	(24.051.738)
Cash Inflows from Borrowings	8	1.960.973.578	1.240.873.555
Cash Outflows from Debt Payments	8	(1.724.993.234)	(1.209.617.951)
Dividend Paid (-)	27	(17.525.953)	(20.362.723)
Payment of Interest (Net)	33	(30.288.571)	(34.944.619)
Net Decrease/Increase in Cash and Cash Equivalents Before Currency Translation Differences		27.143.809	(12.490.554)
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		(1.652.032)	4.264.843
Net Changes in Cash and Cash Equivalents		25.491.777	(8.225.711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	26.478.533	34.704.244
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	51.970.310	26.478.533

The accompanying notes are integral parts of the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 1 ORGANIZATION AND BUSINESS SEGMENT

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. (The Company) was established on May 3, 1972 and company shares are traded on the Borsa İstanbul (BIST). The main operations of the company are to produce and trade electrolytic copper wire, copper and copper alloys.

The registered address of the company is at Emek Mahallesi Aşıroğlu Cad. No:147 Darca Kocaeli.

All of the shares are publicly traded and there is no shareholder who is holding voting rights more than %10.

The subsidiaries and affiliates of the company as of December 31, 2017 are as follows:

Partner Name	Subsidiary Name	Area of Operation	Country	Partnership Percentage
Sarkuysan A.Ş.	Sarmakina San. ve Tic. A.Ş.	Packaging materials (steel coil), import machinery's import and export	Turkey	99,00
Sarkuysan A.Ş.	Sarda Dağ. ve Tic. A.Ş.	Marketing and Distribution	Turkey	99,97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Non-operational and receives participation income.	Turkey	70,71
Sarkuysan A.Ş.	Sark - USA, Inc.	Markets Sarkuysan A.Ş and Sark Wire Corps products in the US market.	USA	100,00
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	Import and trade of electrolytic copper wire.	Turkey	100,00
Sarkuysan A.Ş.	Demisaş Döküm Emaye Mam. San. A.Ş.	Import and trade of steels parts for automotive and household appliances.	Turkey	44,44
Sarkuysan A.Ş.	Bemka Kupferlackdraht GMBH.	Marketing and Distribution	Germany	99,60
Sarkuysan A.Ş.	Sark Bulgaria A.D.	Production Of Electrolytic Copper And Conductors	Bulgaria	90,00
Sarda Dağ. ve Tic. A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	The company obtains real estate rent income and Dividend income	Turkey	29,13
Sarkuysan A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	60,00
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	12,50
Sark - USA, Inc.	Sark Wire Corp.	Copper wire production and marketing.	USA	12,50
Sarmakina San. ve Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	15,00
Sarmakina San. ve Tic. A.Ş.	Sark Bulgaria A.D.	Production Of Electrolytic Copper And Conductors	Bulgaria	10,00

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

Hereafter, in the consolidated financial statements and footnotes, Sarkuysan and the consolidated subsidiaries will be referred as "Group".

As of December 22 , 2016; the group merged with its subsidiary Bemka Emaye Bobin Teli ve Kablo Sanayi ve Ticaret A.Ş which the group has 99,975% of its shares.The merger process is explained in detail in Note 3

The average number of the personnel is 1047. (December 2016: 984)

	December 31, 2017	December 31, 2016
Unionized employees	588	572
Non-unionized employees	72	26
White-collared employees	387	386
Total	1047	984

The consolidated financial statements of the Group have been prepared in accordance with the CMB Communiqué Serial Numbered II-14.1 "Principles of Financial Reporting in Capital Market". The consolidated financial statements for the year ended 31 December 2017 were approved at the meeting which was held on 12 March 2018. Hayrettin Çaycı who is Chairman of The Board and Şefiye YAYLA who is Commercial Accounting Director signed the consolidated financial statements on behalf of the Board . The General Assembly has the authority to amend the financial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basic Principles for the Presentation

The Group maintains its books of accounts and legal financial statement in accordance with Turkish Commercial Code and accounting principles determined in tax legislations. Subsidiaries operating in foreign countries prepare accounting records and statutory financial statements according to currencies of the country where they are in and in accordance with the legislation of the countries. The Group's financial position and operation results are indicated in the Group's functional currency, Turkish Lira.

As a result of preparation of the condensed consolidated financial statements in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. In line with this 5th article communiqué, The Group is applied in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") issued by Public Oversight Accounting And Auditing Standards Authority ("POA") .

In addition, the accompanying financial statements and footnotes are presented in accordance with the formats declared by Capital Markets Board on 7 June 2013 and the 2016 TAS Taxonomy, which was approved by the decision of the Public Oversight Accounting And Auditing Standards Authority dated 2 June 2016 and numbered 30.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

Financial Statements of the Subsidiaries which are Operated in Other Countries:

If the functional currency of any of the group companies is different than the reporting currency, the functional currency is translated into reporting currency according to the following rules (none of the currencies of the group companies belong to a hyper inflationist economy)

- Assets, liabilities and equity items except for the ones arising as a result of presenting income and expenses in the current period financial statements (except certain shareholder's equity items) are translated into Turkish Liras at the closing rate at the date of that statement of financial position. Capital and capital reserves are carried at their historical nominal values and the translation differences arising from these are recorded under the equity item translation differences.
- Income and expenses in the Statement of profit or loss are translated by the average exchange rate and the translation differences are presented under Shareholders' Equity and Comprehensive Statement of Profit or Loss as a separate item
- When a section of the foreign operations are sold, the exchange differences which were recorded under Shareholders' Equity are transferred to Statement of Profit or Loss as sales income or expense. Goodwill and fair value adjustments arising from an acquisition of a foreign company are considered to be assets and liabilities of the acquired entity and are translated using the closing exchange rate.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision dated March 17, 2005 with No: 11 /367 made by the CMB, the inflation accounting has been no longer effective for the periods after January 1, 2005 for the companies that are operating in Turkey and preparing financial statements in accordance with CMB standards. Therefore, application of International Accounting Standards 29 "Financial Reporting on Hyper-Inflationist Economies" was ended after January 1, 2005.

2.03 Basis of Consolidation

Subsidiaries are companies in which the current shares has the power to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or companies whereby the Group exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual control effect over the financial and operating policies.

The statement of financial positions and statements of income of the Subsidiaries are consolidated on a full consolidation basis and the carrying value of the investment held by the main partnership is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Group and its Subsidiaries are eliminated when consolidating. The financing cost of, and the dividends arising from, shares held by the Group in its Subsidiaries are eliminated from shareholders' equity and related period's income, respectively.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

The proportion of ownership interest and effective interest of the Group in these Joint Ventures as of December 31, 2017 and December 31, 2016 are as follows;

December 31, 2017

Name of the Subsidiary	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	%99	-	%99
Sarda Dağ.ve Tic.A.Ş.	%99,97	-	%99,97
Bektaş Emaye Kablo San. Tic. A.Ş.	%70,71	%29,13	%99,84
Sark-USA, Inc.	%100	-	%100
Ege Serbest Bölge Şubesi	%100	-	%100
Sark Wire Corp. ^(**)	%60	%39,83	%99,83
Sark Bulgaria A.D. ^(*)	%90	%10	%100
Bemka Kupferlackdraht GMBH	%99,60	-	%99,60

December 31, 2016

Name of the Subsidiary	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	%99	-	%99
Sarda Dağ.ve Tic.A.Ş.	%99,97	-	%99,97
Bektaş Emaye Kablo San. Tic. A.Ş.	%70,71	%29,13	%99,84
Sark-USA, Inc.	%100	-	%100
Ege Serbest Bölge Şubesi	%100	-	%100
Sark Wire Corp.	%60	%39,83	%99,83
Sark Bulgaria A.D.	%90	%10	%100
Bemka Kupferlackdraht GMBH	%99,60	-	%99,60

(*) In the current period, for enlarging operation of the group by the necessary approvals and approvals obtained on 10.06.2016, 90% of Sarkuysan Electrolytic Bakır Sanayi ve Ticaret A.Ş. And Sark Bulgaria AD company with 500.000 Bulgarian Lev investments in Shumen city of Bulgaria with the participation of 10% Sar Makina Sanayi ve Ticaret AS. The Group held an Extraordinary General Meeting of Shareholders on December 1, 2016 and decided to increase the capital of its subsidiary Sark Bulgari AD by BGL 5,500,000 to reach BGL 6,000,000. The entire amount of issued capital of BGL 6,000,000 has been paid.

(**) The Company held a Board of Directors' Meeting on July 26, 2017 and decided to increase the capital of its subsidiary Sark Wire located in Albany, New York, U.S. from USD 10,000,000 to USD 15,000,000. USD 1,250,000 of the increased amount of USD 5,000,000 was paid as of December 12, 2107.

Investments in Affiliates; are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these affiliates' operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

Demisaş A.Ş., which is one of Sarkuysan Elektrolitik Bakır Sanayi and Ticaret A.Ş.'s subsidiaries, is accounted for under the equity method. According to equity method of accounting, subsidiaries are recorded initially at acquisition cost, and subsequently the amount of the parent's interest in the associate's shareholders' equity is reflected to financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31,2017**

(Amounts are stated in ("TL") unless otherwise stated)

The table below discloses all affiliates and shows the total interest of the Group in these affiliates as of December 31, 2017 and December 31, 2016.

December 31, 2017

Subsidiary Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

December 31, 2016

Subsidiary Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

Financial Assets in which the Group and its Subsidiaries, have interest below 20%, or over which the Group does not have a significant influence even though having more than an interest over 20 %, are classified as financial assets available for sale. Financial Assets available for sale that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Financial Assets available for sale that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value. (Note.7)

The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly by main partnership, is presented as non-controlling interests.

2.04 Comparative Information and Adjustment of the Previous Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

Classifications Made in Financial Statements as of December 31,2016.

Statement of profit or loss

TL 12.480.000 earnings from the increase in the value of the immovable properties held of investment purposes were included in other operating income, in the profit and loss statement dated December 31, 2016, which was approved on March 13, 2017, and this amount was reclassified as income from investment operations.

Derivative trading earnings of TL 34.101.303 that was included in financial income in the profit and loss statement dated December 31, 2016, which was approved on March 13, 2017, as well as derivative trading expenses of TL 24.211.155 were reclassified in the sales. This classification was made to protect hedging transactions against fluctuations in sale and purchase prices, on an order basis.

Changes clarified above have not affected financial performance of the company.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

2.05 Significant Accounting Considerations, Predictions and Assumptions

During the preparation of the financial statements, the Group management has to make assumptions and predictions, which would indicate the possible liabilities, commitments as of the statement of financial position date as well as amounts of income and expense as of the reporting date.

The realized results may differ from the estimates. Estimations are reviewed regularly and any corrections made to those estimates is corrected in the current period and reflected on the statement of profit or loss in the period which is occurred.

The Comments, which may have significant affects for the amounts reflected on the financial statements and the assumptions made that are existed as of statement of financial position date or may occur at future are as below:

- a. Termination Indemnity Liability is determined using the actuarial valuations (discount rates, salary increases for the future periods and estimated probability of retirement rates) (Note 24)
- b. Tangible assets are depreciated using the straight-line method over their economic lives. The estimated useful life and amortization are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. (Note: 2.09.03- 2.09.04)
- c. In the accompanying financial statements, the Group management made a litigation provision related to the law suits disclosed in Note 22 in line with the opinion of the Group's legal counselors based on the best estimates.
- d. The credibility of the debtors, their payment performance in the past, the conditions of restructuring when restructuring was necessary, the amount of collaterals, mortgages, and credit insurances that have been received were taken into account when determining the depreciation of trade receivables. (Note 10)
- e. When accounting for decrease in value of inventories, copper prices determined in London Metal Market as of balance sheet date and discounted pricing lists are taken into consideration. For inventories with an undeterminable sales price, inventory turnover periods and opinions of technical staff are evaluated. When cost value exceeds the assumed net realizable value a provision for decrease in value of inventories is reflected to the financial statements. (Note:13)
- f. The Group has chosen to use the revaluation model for Investment Properties in the accompanying consolidated financial statements. (Note 2.09.19)

2.06 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Group that affect the financial statements of the Group. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before. There are not any changes in the accounting policies of the Group in the current period.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

2.07 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However; if the affect of the accounting estimate to the financial statement is not determinable, then it is not disclosed in the notes to the financial statements. There are not any changes in accounting estimates which may affect the period results of the current period.

2.08 Offsetting

The financial assets and liabilities in the financial statements are offset and the net amount reported in the statement of financial position, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.09 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are as follows:

2.09.01 Revenue Recognition

Group revenue consists mainly of electrolytic copper wire, copper and composite sales to the domestic market and overseas and subcontracting services. Rent income from investment properties is included in sales.

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Revenue is reduced for customer returns and sales discounts.

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

- The significant risks and the ownership of the goods are transferred to the buyer;
- The Group refrains the managerial control over the goods and the effective control over the goods sold;
- The revenue can be measured reasonably;
- It is probable that the economic benefits related to transaction will flow to the entity;
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenue is recognized as much as the recoverable amount of expenses that are associated with this revenue.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

Other miscellaneous income that are derived by the Group, are recognized as follows:

Interest Income, on the basis of effective interest method
 Rent and Royalty Income, on an accruals basis in accordance with the substance of the relevant agreement
 Dividend Income, when the shareholder's right to receive payment is established.
 Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value are recorded as interest income according to the accrual basis.

2.09.02 Inventory Pricing / Inventory Valuation

Inventories are stated either at the lower of acquisition cost or net realizable value. The cost basis of the inventories includes; the acquisition cost, conversion costs, and the costs incurred to bring the inventories to their existing status. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued using the monthly weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

2.09.03 Tangible Fixed Assets

The property, plant, and equipment acquired after January 1, 2005 are carried at historical cost, which is computed by deducting the accumulated depreciation from their cost basis. For assets that were acquired before January 1, 2005, the tangible fixed assets are presented on the financial statement at indexed historical cost for inflation effects as at December 31, 2004. Tangible assets are depreciated using the straight-line method over their economic lives.

The depreciation rates according to the estimated useful lives are as follows:

TYPE	Economic Life (Year)	Depreciation Rates as of December 31, 2017 (%)	Depreciation Rates as of December 31, 2016 (%)
Land Improvements	25	4	4
Buildings	50	2	2
Machinery, Plant, and Equipment	8-12,5	8-12,5	8
Furniture and Fixtures	5	20	20
Vehicles	5	20	20
Other Tangible Assets	5	20	20
Leasehold improvements	5	20	20

The expected useful lives, residual values and the depreciation method are reviewed annually for the probable effects of changes that occur in estimates. If there are any changes regarding the estimates, their effects are recognized retroactively.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the difference is recorded as operating profit or loss.

Maintenance and repair costs are recorded as expense as at their realization date. If the maintenance and repair expenses clearly improve the economic value or performance of the related asset, then these costs are capitalized.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

2.09.04 Intangible Assets

Intangible fixed assets acquired before January 1, 2005 are carried at indexed historical cost for inflation effects as at December 31, 2004; however, purchases after January 1, 2005 are carried at their historical cost less accumulated amortization and impairment. Intangible assets are depreciated on a straight-line basis over their expected useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

TYPE	Economic Life (Year)	Depreciation Rates as of December 31, 2017 (%)	Depreciation Rates as of December 31, 2016(%)
Rights	5	20	20
Development Cost	5	20	20
Other Intangible Assets	3 – 10	10 – 33	10 – 33

2.09.05 Impairment of Assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

2.09.06 Leasing Operations

I) Financial Leasing

Financial leasing which transfers all ownership risks and benefits of the leased property to the Group, is included as of the inception date of the financial leasing, based on the market value of the leased property and current value of lease payments, whichever is lower. Lease payments are treated as if they include principal and interest. Principal lease payments are entered as a liability and reduced pro rate the amount of payments.

II) Operational Leasing

Lease agreements, which the lessor retains all the risks and benefits pertaining to the goods, are described as operational leases.

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The Group as Lessee:

The lease payments are recognised as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Note:29- 30)

The Group as Lessor:

The operational leasing collections are recognised as an income over the lease term on a straight-line basis. The Group's rent income from investment property is recognized under revenue, other rent income is recognized under other operating income. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Dipnot 31)

2.09.07 Research and Development Costs

Research and development costs are expensed as incurred. Development expenses recognized in previous periods cannot be capitalized in following periods. Development costs are considered to be an intangible asset only as follows,

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house
- A potential market exists for the product or its usefulness in case of internal use is demonstrated,
- Adequate technical, financial and other resources required for completion of the project are available.

There are no development improvements transferred to the active

2.09.08 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the statement of profit or loss in the period in which they are incurred. The Group did not capitalize any borrowing costs as of period end.

2.09.09 Financial Instruments

I. Financial Assets

Investments are recognized and derecognized on trade date where the purchase of sales of an investment is under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified as "financial assets, whose fair value differences are reflected to the profit or loss", "financial assets held to the maturity", "financial assets available for-sale" and "loans and receivables."

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Prevailing Interest Method

Prevailing interest method is the valuation of financial asset with their amortized cost and allocation of interest income to the relevant period. Prevailing interest rate is that discounts the estimated cash flow for the expected life of financial instrument or where appropriates a shorter period.

Income related to financial assets, except the "financial assets, whose fair value differences are reflected to the profit or loss", is calculated by using the prevailing interest rate.

a) Financial Assets Whose Fair Value Differences Are Reflected to the Profit or Loss

Financial assets whose fair value differences are reflected to the profit or loss", are the financial assets that are held for trading purposes. If a financial asset is acquired for trading purposes, it is classified in this category. Also, derivative instruments, which are not exempt from financial risk, are also classified as "Financial assets whose fair value differences are reflected to the profit or loss". These financial assets are classified as current assets.

b) Financial Assets Which Will Be Held to the Maturity

Financial assets whose fair value differences are reflected to the profit or loss", are the financial assets that are held for trading purposes. If a financial asset is acquired for trading purposes, it is classified in this category. Also, derivative instruments, which are not exempt from financial risk, are also classified as "Financial assets whose fair value differences are reflected to the profit or loss". These financial assets are classified as current assets.

c) Financial Assets Available-For-Sale

Financial assets, which are "Available-for-Sale" are either (a) financial assets, which will not be held to maturity or (b) financial assets, which are not held for trading purposes. Financial assets Available-for-Sale are recorded with their fair value if their fair value can be determined reliably. Marketable securities are shown at their cost basis unless their fair value can be reliably measured or have an active trading market. Profit or loss pertaining to the financial assets Available-for-Sale is not recorded on the statement of profit or loss. The fluctuation in the fair value of these assets is shown in the statement of shareholders' equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized is included in profit or loss for the period. Provisions recorded in the statement of profit or loss pertaining to the impairment of financial asset Available-for-Sale cannot be reversed from the statement of profit or loss in future periods. Except equity instruments classified as available-for-sale, if impairment loss decreases in next period and if therein decreasing can be related to an event occurred after the accounting of impairment loss, impairment loss accounted before, can be cancelled in statement of profit or loss.

d) Loans and Receivables

Trade receivables, other receivables, and loans are initially recognized at their fair value. Subsequently, receivables and loans are measured at amortized cost using the effective interest method.

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Impairment of Financial Assets

Financial assets, whose fair value differences are reflected to the profit or loss are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced with the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts, which were previously written off, are reversed against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

With respect to available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents are cash, demand deposit and other short-term highly liquid investments, which their maturities are three months or less from the date as of acquisition, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

II. Financial Liabilities

Financial liabilities and equity instruments are classified according to the contractual agreements entered into and the definition of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all the liabilities. Accounting policies determined for the financial liabilities and the financial instruments based on equity are explained below.

Financial liabilities are classified as either "financial liabilities whose fair value differences are reflected to the profit /loss" or other financial liabilities,

a) Financial Liabilities Whose Fair Value Differences Are Reflected to the Profit /Loss

"Financial liabilities whose fair value differences are reflected to the profit /loss" are recorded at fair value and are re-evaluated at the end of each statement of financial position date. Changes in fair value are recognized in the statement of profit or loss. Recognized net earnings and/or losses in the statement of profit or loss also include interest payments made for this financial liability.

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b) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The prevailing interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The prevailing interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

III. Derivative Financial Instruments

Derivative financial instruments are initially recorded with their fair value and evaluated with fair value in next periods. The hedging agreements made by the Group in the current period, which contains the required risk accounting conditions in scope of TMS 39 are accounted for as derivative financial assets held for cash flow hedges, whereas although providing an efficient protection against the risks that the Group may be exposed to, hedging agreements which do not bear the required risk accounting conditions are classified as held for trading derivative financial instruments. Profit or loss arising from the changes at the fair values of held for trading derivative financial instruments which do not comprise a financial risk protection relation are reflected to the statement of profit or loss. Profit or loss arising from the hedged item and which is related to the protected risk is reflected to the book value of the hedged item and is accounted for in the statement of profit or loss. The mentioned policy is applied even though the hedged item was measured at cost.

2.09.10 Effects of Currency Fluctuations

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the statement of financial position are converted into TL by the exchange rate ruling at the statement of financial position date. Foreign exchange gains and/or losses as a result of the conversions are recorded in the statement of profit or loss.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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2.09.11 Earnings per Share

Earnings per share in the income statement are calculated by dividing net income by the weighted average number of common shares outstanding for the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" from retained earnings. These bonus shares are deemed as issued shares while calculating the net earnings per share.

Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.09.12 Subsequent Events

Subsequent events cover all events that occur between the statement of financial position date and the publication date of the financial statements. If there is a substantial evidence that the subsequent events existed or arose after the statement of financial position date, these events are disclosed and explained in the notes to the financial statements.

The Group adjusts its financial statements if the above-explained subsequent events require any adjustments.

2.09.13 Provisions, Contingent Liabilities & Assets

A provision is set-forth in the financial statements, if a legal liability exists as a result of past events as if the cash out-flow is probable for the reversal of provision and the liability amount can be estimated reliably. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash out-flow is probable, provision is set forth in the financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

The Group discloses the contingent liabilities in notes to the financial statements if the contingent liability is possible but the outflow of resources is not predicted.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group discloses the contingent assets in notes to the financial statements if the inflow of economic benefits is probable.

When portion or full amount of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.09.14 Related Party Disclosures

The partners' of the Group, Group's management personnel, Group companies and its directors, close family members in the charge of the Group, and other companies directly or indirectly controlled by the Group are considered related parties. The transactions done with the related parties due to ordinary operations are occurred in accordance with the market conditions. (Note 37)

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2.09.15 Government Grants and Assistance

The government grants and research and development incentives are accounted according to accrual basis with their fair values when the authorities approve the Group's submission for these incentives.

2.09.16 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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Current and Deferred Tax For The Period

Current and deferred tax are recognized as an expense or income to the statement of profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes stated in financial statements contain changes in current and deferred taxes for the period. The Group calculates current period tax and deferred tax over the period results.

Offsetting Tax Income and Liabilities

Corporate tax amounts are offset with prepaid corporate tax as they are related. Deferred tax assets and liabilities are also offset.

2.09.17 Retirement Pay

According to Turkish Labor Law, employee termination benefit is reflected in the financial statements, when the termination indemnities are deserved. Such payments are considered as being part of defined retirement benefit plan as per IAS No.19 "Employee Benefits".

Termination indemnity liability is reflected to the financial statements with the amount calculated for value at statement of financial position date of lump pension in the next years by discounting by adequate interest rate. Interest cost added to the lump pension expense is shown as termination indemnity expense in the results of operations.

2.09.18 Cash Flow Statement

Cash and cash equivalents are stated at their fair values in the statement of financial position. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. On cash flow statement, the Group classifies period's cash flows as investment, financing activities and operational activities.

The cash flows from operational activities show the cash flows generated from the main operations of the Group. The cash flows from investing activities show the cash inflows and outflows generated from/used fixed assets and financial assets investments.

Cash flow concerned with financial activities represents sources used from financial activities and pay-back of these funds.

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2.09.19 Investment Property

Investment properties, which are held to earn rentals and/or for capital appreciation is carried at their cost less the accumulated depreciation and any impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Investment properties are taken out of the statement of financial position when either they are sold or no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal. No assets held under the operating lease have been classified as investment properties.

Investment Properties are reviewed for any impairment and if the carrying amount of these investment properties exceeds the recoverable amount as a result of these reviews, the carrying amount is reduced to recoverable amount through making provision. The recoverable amount is the higher of the net cash flows derived from the current usage of the related investment property and net sales price .

Group's investment property is presented at their fair value in the financial statements. Therefore, investment property is not subject to depreciation. The fair values of the real estate's were determined according to the results of the appraisal reports signed by a licensed Real Estate Appraisal Company in line with the regulations of the CMB Communiqué Serial VIII No: 35 "Communiqué On Principles Regarding Appraisal Companies And Their Listings By The Board" (Note 17)

2.10 Capital and Dividends

The ordinary shares are classified as equity. The dividends paid to ordinary shares deducted from accumulated profits during the period they are declared.

2.11 Foreign Currency Transactions

Functional Currency

The functional currency is defined as the currency in which the Group carries out important part of the activities and financial statement items of every group company are measured at the functional currency of the mentioned company. The accompanying consolidated financial statements are presented with the functional currency of Sarkuysan A.Ş. which is TL.

Group Companies Abroad, Foreign Currency Transactions and Balances

The financial statements of subsidiaries operating in foreign countries are prepared in accordance with the laws and legislations that are valid for the countries where the transactions are operated. The financial statements are arranged by the reflections of necessary adjustments and classifications in order to provide the correct presentation in accordance with the Financial Reporting Standards of Capital Market Board. The financial results of group companies which prepare their financial statements with a currency other than TL are converted to TL using the average foreign exchange rates of the related period. The difference arising from the conversion of assets and liabilities using the statement of financial position date foreign exchange rates and the conversion of statement of profit or loss using the average rates are presented in the consolidated financial statements under equity and are made subject to total comprehensive income.

The financial statements of Group's subsidiaries operating in The United States of America, Bulgaria , Germany are converted from foreign currency into TL as of December 31, 2017 and December 31, 2016 the foreign currencies and TL equivalents are as follows:

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As of December 31, 2017 and December 31, 2016 the foreign currencies (USD,EURO,LEV) are as follows:

<u>Period-End</u>	<u>USD</u>	<u>EURO</u>	<u>LEVA</u>
December 31, 2017	3,7719	4,5155	2,2958
December 31, 2016	3,5192	3,7099	1,8860

As of December 31, 2017 and December 31, 2016 the foreign average currencies and TL equivalents are as follows:

<u>Average Rate</u>	<u>USD</u>	<u>EURO</u>	<u>LEVA</u>
January 01, 2017			
December 31, 2017	3,6482	4,1164	2,0909

2.12 Going Concern Concept

The consolidated financial statements of the Group are prepared with respect to going concern concept.

2.13 New and Revised International Financial Reporting Standards

Published but still in abeyance and not implemented early standards

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

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

- **IFRS 15 "Revenue from Contracts with Customers"**: The new standard was published in September 2016. The new five-stage model in the standard explains the requirements for the accounting and measurement of revenue. The standard will apply to the revenue gained from contracts made with customers, and provides a model for the accounting and measurement of the sale of some non-financial assets (e.g. disposals of tangible assets) not related to the ordinary activities of an enterprise. It is effective for annual periods beginning on and after 1 January 2018, with early adoption permitted. Its potential impacts on financial statements are being assessed.
- **IFRS 9 "Financial Instruments (Final Standard)"**: It replaces the IAS 39 standards regarding classification and measurement of financial standards and liabilities" as published in January 2017. IFRS 9 provides two models for measurement as amortized value and fair value. While all equity instruments are measured on fair value, debt instruments are measured on amortized value if the contract-based cash revenue of debt instruments are to be taken by the Group and if such cash revenue includes interest and principal. The standard for liabilities continues many practices including the amortized cost method and separation of embedded derivatives in IAS 39. It is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Its potential impacts on financial statements are being assessed.
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"**: The interpretation clarifies that the date of the transaction is the date of initial recognition of the asset or deferred income liability for cash payment in connection with the assets or liabilities in foreign currency as accounted for non-monetary prepaid costs or advances by enterprises. The standard is effective for annual periods beginning on and after 1 January 2018, with early adoption permitted. Its potential impacts on financial statements are being assessed.

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Annual Improvements to IFRSs 2014-2016 Cycle

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

- **IFRS 1 "First Time Adoption of International Financial Reporting Standards"**

It clarifies the deletion of short-term exemptions for first-time adopters of the IFRS related to disclosures for financial instruments, employee benefits and consolidation of investment entities, under the annual improvements made for the period of 2012-2014.

- **IFRS 12 "Explanations Regarding Investments in Other Enterprises"**

For the purpose of expressing the scope of IFRS 12 in a clearer way; adding the remark about non-necessity to explain the summary financial information required under IFRS 12 in case an enterprise classifies its investments in its affiliate, business partnership or subsidiary for sales purposes according to IFRS 5 (inclusion of them into the group of assets to be disposed of).

- **IAS 28 "Investments in Associates and Joint Ventures"**

It enables when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

The standards and interpretation published by the International Accounting Standards Foundation but not published by the Public Oversight Authority.

- **IAS 40 "Transfers of Investment Property: Amendments to IAS 40":** Transfers of Investment Property issued by IASB have been made to clarify uncertainty about the events that provide evidence of transfer of /from investment property to other asset groups. It is effective for annual periods beginning on and after 1 January 2018, with early adoption permitted. Its potential impacts on financial statements are being assessed.
- **IFRIC 23 "Uncertainty Over Income Tax Treatments":** IASB issued IFRIC 23 Interpretation on Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. Its potential impacts on financial statements are being assessed.
- **IFRS 16 "Leases":** It was published in January 2016 to replace IAS 17 Standard. It eliminates the current dual accounting model for lessees, which distinguishes between finance leases and operating leases in many cases. The accounting policies of the lessors are mostly identical to IAS 17. IFRS 16 is applied retrospectively to the annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Standard on Revenue from Contracts with Customers. Its potential impacts on financial statements are being assessed.
- **Amendments to IFRS 2 "Classification and Measurement of Cash Share-based Payment Transactions"** These Amendments were published in June 2016. They are effective for periods beginning on and after 1 January 2018. They clarify the principles for the measurement of Cash Share-based Payments and accounting for the modification of a share-based payment from cash-settled to equity-settled. Its potential impacts on financial statements are being assessed.
- **IFRS 17 –New Insurance Contracts Standard:** IASB issued IFRS 17 to establish the principles for accounting, measurement, presentation and disclosure of insurance contracts. The purpose of the standard is to allow companies to present such contracts in an accurate and appropriate way. It is effective for annual periods beginning on and after 1 January 2021, with early adoption permitted. It will not have any impacts on the financial statements of the Group.
- **IAS 7 Changes in the Statement of Cash Flows:** This amendment enables for the assessment by the financial statement users of the cash-based and non-cash based changes in the liabilities as a result of financing activities. The amendment is effective for annual periods beginning on and after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this amendment in IAS 7.
- **IAS 12 Changes in Income Taxes Standard –Recording of the Deferred Tax Assets for Un-Realized Losses:** The amendments explain potential existence of a deductible provisional difference depending upon only the comparison of the net book value of the asset with the tax base at the end of the reporting period, and that the relevant asset will not be impacted by potential changes in the net book value or not impacted by the estimated method of recovery. The amendment is effective for annual periods beginning on and after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this amendment in IAS 12.

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NOTE 3 BUSINESS COMBINATIONS

With the decision of the Board of Directors dated 18.08.2016 and numbered 1488 / 16.25, the Subsidiary Bemka Emaye Bobin Wire and Cable Industry Trade Co., which has 99,975% shares of its capital, has been registered with the Turkish Commercial Code numbered 6102 (TTK) 134 Third and 158th articles and other terms; 23rd and 24th articles of the Capital Markets Law and the Capital Markets Boards' II-23.2 Merger and Division Communiqué and II-23.1 numbered "Common Principles on Important Qualifications and Disclosure Articles and Other Legislative provisions", the Company has decided to merge all the assets and liabilities as a whole through the "take over" of the Company, within the structure of the company and has made the necessary applications.

In Capital Markets Board bulletin dated 03.11.2016 and numbered 2016/29, in accordance with related articles of Turkish Commercial Code numbered 6102 and provisions of "Merger and Division Communiqué" numbered II-23.2, Capital Markets Board has approved the announcement prepared based on the facilitated merger process which would be realized by the acquisition of Bemka Emaye Bobin Wire and Cable Industry Co. that has 99, 975% of the capital of Sarkuysan Electrolytic Copper Industry and Trade Inc.

The merger procedure was completed on December 22 , 2016 and registered with the Istanbul Trade Registry Directorate and the Gebze Trade Registry Directorate, and the merger transaction was finalized by this date. The merger was facilitated merger, so the right to leave the company was not exercised.

NOTE 4 BUSINESS PARTNERSHIPS

None

NOTE 5 SEGMENT REPORTING

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The group's operating segments based on profit / loss summary as of December 31, 2017 and December 31, 2016 are as follows:

December 31, 2017

	Copper	Enameled Copper Wire	CTC Wire	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	January 1, 2017 December 31, 2016
Revenue	5.328.574.462	254.245.466	40.840.250	5.070.927	10.022.121	10.630.661	5.649.383.887	(1.299.623.407)	4.349.760.480
Cost of Sales	(5.098.756.109)	(233.294.009)	(34.684.157)	(3.234.590)	(6.202.299)	(8.120.740)	(5.384.291.904)	1.254.280.179	(4.130.011.725)
Gross Profit/Loss	229.818.353	20.951.457	6.156.093	1.836.337	3.819.822	2.509.921	265.091.983	(45.343.228)	219.748.755

December 31, 2016

	Copper	Enameled Copper Wire	CTC Wire	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	January 1, 2016 December 31, 2016
Revenue	3.533.273.637	162.343.791	22.319.303	4.707.540	3.469.601	6.087.279	3.732.201.151	(831.715.316)	2.900.485.835
Cost of Sales	(3.415.197.968)	(158.433.218)	(18.107.969)	(3.536.517)	(2.005.118)	(4.006.403)	(3.601.287.193)	816.547.918	(2.784.739.275)
Gross Profit/Loss	118.075.669	3.910.573	4.211.334	1.171.023	1.464.483	2.080.876	130.913.958	(15.167.398)	115.746.560

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents for the periods ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Cash	53.406	21.913
Bank	52.028.088	26.498.333
-Demand Deposits	32.353.827	11.901.703
-Time Deposits	19.674.261	14.596.630
Other	90	90
Total	52.081.584	26.520.336

There is no blocked deposit as of December 31, 2017.

Accrued interest income related to time deposits which are calculated effective interest method is TL 111.274 TL'dir. (December 31, 2016: 41.803 TL)

Cash and cash equivalents presented in the statement of cash flows as of December 31, 2017 and December 31, 2016 is as follows;

Account Name	December 31, 2017	December 31, 2016
Amount Stated in Statement of Financial Position	52.081.584	26.520.336
Accrued Interest Income	(111.274)	(41.803)
Blocked Amount	-	-
Total	51.970.310	26.478.533

Maturity analysis of bank deposits is as follows:

Account Name	December 31, 2017	December 31, 2016
Demand Deposits	32.353.827	11.901.703
1-30 days	15.669.281	8.161.170
30-90 days	4.004.980	6.435.460
Total	52.028.088	26.498.333

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts are stated in ("TL") unless otherwise stated)

The effective interest rates of time deposits related to their currencies are as follows:

Currency	December 31, 2017		December 31, 2016	
	Amount	Interest rate	Amount	Interest Rate
TL	17.234.251	%10,50-%15,25	12.293.259	%11,14-%13,56
USD	678.964	0,6%	351.922	%0,18
EURO	1.761.046	0.01%	1.951.449	%0,30-%1,00
Total	19.674.261		14.596.630	

NOTE 7 FINANCIAL INVESTMENTS

I) Short Term Financial Investments

None

II) Long Term Financial Investments

The Group's financial investments consist of investments which are classified as Financial Assets available for sale for the period by December 31, 2017 and December 31, 2016 are as follows,

December 31, 2017

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	-	10.555
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	-	13.472
Total	-	-	24.558

December 31, 2016

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	-	10.555
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	-	13.472
Total	-	-	24.558

Available for sale financial assets consist of financial assets which are not publicly traded. Groups' share in capital of long-term securities is under %1.

Movement of Long-Term Securities is as follows:

Long-Term Securities	January 1, 2017	January 1, 2016
	December 31, 2017	December 31, 2016
Opening Balance	24.558	24.558
Additions	-	-
Disposals (-)	-	-
Closing Balance	24.558	24.558

When Marketable Financial Assets did not have any fair value registered with the stock market, or the fair value could not be measured reliably since other methods used in calculation of fair value were not appropriate, registered value of financial assets was calculated by deducting depreciation from the acquisition cost.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017**

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 8 FINANCIAL LIABILITIES

Short-Term financial liabilities for the periods ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Bank Loans	704.319.253	388.036.978
Short-Term Proportion of Long Term Bank Loans	40.811.988	61.503.210
Lease Obligations	1.427.005	69.259
Deferred Leasing Costs (-)	(29.389)	(2.485)
Other	9.444	14.797
Total	746.538.301	449.621.759

Bank loans are reflected in accompanying financial statements with their amortized cost amounts

Long-Term financial liabilities for the years ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Bank Loans	115.429.585	123.767.197
Lease Obligations	4.977.521	97.644
Deferred Leasing Costs (-)	(587.761)	(10.865)
Total	119.819.345	123.853.976

a) The maturities of bank loans are as follows:

Loans	December 31, 2017	December 31, 2016
0-3 months	237.358.354	195.400.477
4-12 months	507.772.887	254.139.711
13-36 months	111.866.353	116.668.302
37-60 months	3.563.231	7.098.895
Total	860.560.825	573.307.385

Finance Lease Payables	December 31, 2017	December 31, 2016
0-3 months	354.364	17.154
4-12 months	1.043.252	49.621
13-36 months	2.521.890	86.778
37-60 months	1.867.870	-
Total	5.787.376	153.553

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

b) Effective interest rates of financial liabilities are as follows:

December 31, 2017

Loans

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	327.547.885	%13,71 - %16,53
USD Loans	68.477.589	257.988.423	%1,99 - %5,96
EURO Loans	15.957.139	70.977.078	%0,77 - %1,58
GBP Loans	9.520.278	47.805.868	%1,21 - %3,30
Total (Short-Term)		704.319.254	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	-	-
USD Loans	5.101.088	19.240.793	%1,99 - %5,96
EURO Loans	4.777.144	21.571.195	%0,77 - %1,58
Total (Short-term Payment of Long-term Credits)		40.811.988	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	-	-
USD Loans	9.757.770	36.805.332	%1,99 - %5,96
EURO Loans	17.412.081	78.624.253	%0,77 - %1,58
Total		115.429.585	

Finance Lease Payables

Short-Term (1-12 months)	Foreign Currency Amount	Amount in TL
Leasing Payables USD	379.130	1.430.042
Total of Leasing Payables	379.130	1.430.042
Interest Payables of Deferred Leasing Costs (-) USD	(8.597)	(32.426)
Total of Interest Payables of Deferred Leasing Costs	(8.597)	(32.426)
Total (Short-Term)		1.397.616

Long-Term (1-5 years)	Foreign Currency Amount	Amount in TL
Leasing Payables USD	1.319.632	4.977.521
Total of Leasing Payables	1.319.632	4.977.521
Interest Payables of Deferred Leasing Costs (-) USD	(155.826)	(587.761)
Total of Interest Payables of Deferred Leasing Costs	(155.826)	(587.761)
Total (Long-Term)		4.389.760
Total		5.787.376

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2016

Loans

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	212.259.933	%6,59-%16,52
USD Loans	35.935.182	126.463.093	%1,39-%1,75
EURO Loans	7.957.433	29.521.282	%0,75
GBP Loans	4.582.804	19.792.670	2,99-3,55%
Total (Short-Term)		388.036.978	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	19.819.724	%13,93-%16,20
USD Loans	7.040.047	24.775.333	%2,44-%6,88
EURO Loans	4.557.577	16.908.153	%2,44-%6,39
Total(Short Term Proportion of Long Term Loans)		61.503.210	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	55.037.131	%10,75-%14,99
USD Loans	11.447.956	40.287.647	%2,44-%6,88
EURO Loans	7.666.627	28.442.419	%2,44-%6,63
Total (Long- Term)		123.767.197	

Finance Lease Payables

Short-Term (1-12 months)	Foreign Currency Amount	Amount in TL
Leasing Payables USD	19.680	69.259
Total of Leasing Payables		69.259
Interest Payables of Deferred Leasing Costs (-) USD	(706)	(2.485)
Total of Interest Payables of Deferred Leasing Costs		(2.485)
Total(Short-Term)		66.774

Long Term (1-5 years)	Foreign Currency Amount	Amount in TL
Leasing Payables USD	27.746	97.644
Total of Leasing Payables		97.644
Interest Payables of Deferred Leasing Costs (-) USD	(3.087)	(10.865)
Total of Interest Payables of Deferred Leasing Costs		(10.865)
Total		86.779

The reconciliation of financial borrowing is as follows:

Account Name	December 31, 2017	December 31, 2016
Opening Balance	573.475.735	499.305.255
Loan usage within the current period	2.018.439.134	1.270.192.071
Principal payment the current perriod	(1.724.993.235)	(1.209.617.951)
Interest Payments	(49.799.132)	(35.920.240)
Accrual of interest end of the current perriod	7.229.588	2.274.217
Foreign Exchange	42.005.556	47.242.383
Closing Balance	866.357.646	573.475.735

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 9 OTHER FINANCIAL LIABILITIES

None.

NOTE 10 TRADE RECEIVABLES AND PAYABLES

The details of the Short-Term Trade Receivables are as follows:

Account Name	December 31, 2017	December 31, 2016
Trade Receivables	568.101.510	349.902.011
- Trade Receivables from Related Parties(Note:37)	1.280.931	909.458
- Other	566.820.579	348.992.553
Notes Receivable	44.620.069	37.842.889
Discount on Notes Receivable (-)	(2.030.850)	(1.229.438)
Provision for Doubtful Receivables (-)	(36.793.207)	(31.483.666)
Total	573.897.522	355.031.796

When deciding upon the possibility of collection of the receivables, the Group reviews any change in the creditability of mentioned receivables starting from recording date of the receivable until the statement of financial position date. There is not an important credit risk concentration due to the fact that the credit risk is distributed between many different customers the Group does business with.

The weighted term of receivables are 43 days (December 31, 2016: 43 days). Domestic sales and abroad is guaranteed by Exim Bank. There are guarantee letters, guarantee notes and guarantee checks which are related to domestic sales are disclosed in Note 22 and the level of risks on trade receivables are disclosed in Note 38.

The provisions are reflected to the financial statements related to all of the receivables for which there are objective evidences concluding that they are no longer collectible. The provision amount for the current period is TL 36.793.207 (Note : 31) (December 31, 2016: TL 31.483.666)

Receivables are recognized by amortized cost amounts. The discount rates are %14,57 % for TL receivables, % 2,11 for USD receivables and %0,77 for GBP receivables. (December 31, 2016: TL: % 9,60, USD : % 1,69, GBP : % 0,78)

Doubtful Receivables are as follows:

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening Balance	(31.483.666)	(14.196.651)
Provisions no Longer Required	1.486.666	203.220
Exchange Difference	-	(402.163)
Cancel	-	2.765
Period Expense	(6.796.207)	(17.090.837)
Closing Balance	(36.793.207)	(31.483.666)

The group has no Long-term Trade Receivables.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017**

(Amounts are stated in ("TL") unless otherwise stated)

Short-Term Trade payables for the period ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Trade Payables	115.531.177	105.664.612
Notes Payables	157.612	123.193
Rediscount on Notes Payable (-)	(509.294)	(177.954)
Expense Accruals	42.377	22.695
Other Trade Payables	-	305.659
Total	115.221.872	105.938.205

Payables are recognized by amortized cost amounts. The discount rates are 14,57 % for TL receivables(December 31, 2016: TL:9,60 %)

Average maturity of purchasing of the Group from its suppliers is 10 days. (December 31, 2016: 6 days)

The Group has no Long-term Trade Payables.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables for the period ended are as follows

Account Name	December 31, 2017	December 31, 2016
Deposits and Guarantees Given	134.763	165.800
Receivables from Tax Administration (*)	61.548.196	44.387.455
Other Doubtful Receivables	3.600	-
Provision for Other Doubtful Receivables	(3.600)	-
Receivables from Personnel	364.205	48.878
Other	31.698	790.375
Total	62.078.862	45.392.508

(*) Most of the balance consists of VAT refund receivables The Group is fully refunded VAT refund receivable through YMM reports. TL 19.737.770 amount of the receivables was collected as of the report date. The offsetting and refund process for the remaining amount is in progress.

Other Long-Term Receivables for the period ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Deposits and Guarantees Given	401.930	258.367
Total	401.930	258.367

Other Short-term Payables for the periods ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Other Payables	4.504.516	5.817.163
Deposits and Guarantees Taken	17.856	17.350
Taxes and Funds Payable	137.233	221.094
Social Security Institution Payable	87.670	45.288
Total	4.747.275	6.100.895

The Group has no other Long-term Payables.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 12 PAYABLES RELATED TO EMPLOYEE BENEFITS

Payables Related to Employee Benefits for the periods ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Due to Personnel	351.158	771.644
Taxes and Funds Payable	1.542.514	1.275.734
Social Security Institution Payable	1.740.552	1.494.866
Total	3.634.224	3.542.244

NOTE 13 INVENTORIES

Inventory balances for periods ended are as follows:

Account Name	December 31, 2017	December 31, 2016
Raw Materials	79.039.824	67.089.399
Semi-finished Goods	119.072.515	102.741.523
Finished Goods	185.752.831	152.412.185
Other Inventories	1.391.193	177.643
Total	385.256.363	322.420.750

The raw materials acquired by the Group consist of assets which are used in operating cycle of production and sold afterwards. The insurance coverage of assets is disclosed in the Note: 22. There are no inventories which are pledged as collateral. In the current or previous periods there is not any financial expenses over inventories cost.

Movement of Provision for Decrease in Value of Inventories;

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening Balance	-	(6.932.262)
Provision for the Current Period(-)	-	-
Provisions no longer required	-	6.932.262
Total	-	-

NOTE 14 DERIVATIVE INSTRUMENTS

December 31, 2017

As of December 31, 2017 the Group has forward foreign exchange contracts for purchasing USD 8,052,415 in consideration of selling Euro 6,750,000, and for purchasing USD 2,119,510 in consideration of selling GBP 1,600,000. Its liability arising from these contracts is TL (241,893).

Furthermore, there were promises to purchase USD 10,409,165 and Euro 11,790,625, and to sell USD 10,759,393 and Euro 12,251,683 under the hedging transactions performed to provide protection against fluctuations in sale and purchase prices on an order basis, and since these promises were actually delivered as of the date of the Financial Statement, the group has an asset of TL 2,723,991.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017**

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2016

As of December 31, 2016 the Group has forward foreign exchange contracts for purchasing USD 7,336,440 in consideration of selling Euro 5,000,000, TL 860,535 and GBP 1,100,000. The amount of its assets arising from these contracts is TL 1,643,824.

The Group performed marketable hedging transactions and sold USD 6,003,214, and Euro 4,298,344 in consideration of purchasing USD 6,055,237 and Euro 4,041,588 and the amount of its assets arising from these transactions is TL 769,459.

Under an interest SWAP contract, the Group has a total liability of TL (3,021,457) arising from Euro 30,178 interest expenses, and TL 2,909,500 exchange loss.

	December 31, 2017		December 31, 2016	
	Asset	Liability	Asset	Liability
Forward Contracts	-	(241.893)	1.643.824	-
Commodity Swaps as Hedge Instruments	2.723.991	-	769.459	-
SWAP Contracts	-	-	-	(3.021.457)
Total	2.723.991	(241.893)	2.413.283	(3.021.457)

NOTE 15 CONSTRUCTION CONTRACTS IN PROGRESS

None.

NOTE 16 INVESTMENTS EVALUATED BY EQUITY METHOD**December 31, 2017**

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2016 Net Value in Statement of Financial Position
Demisaş	44,44	-	27.135.743
Toplam		-	27.135.743

December 31, 2016

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2016 Net Value in Statement of Financial Position
Demisaş	44,44	-	25.066.364
Total		-	25.066.364

Fair Value Movement Schedule of investments evaluated by Equity Method is as follow:

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening Balance – January 1	25.066.364	33.292.327
Share from Current Period Profit	2.372.197	(6.494.232)
Dividend Payments (-)	-	(1.283.241)
Share from Other Comprehensive Income	(302.818)	(448.490)
Closing Balance –as of December 31	27.135.743	25.066.364

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

The summaries of financial information's about investments which are recognized with "Equity Method" are as follows;

	December 31, 2017	December 31, 2016
Total Assets	229.408.593	203.398.090
Shareholders' Equity	61.061.532	56.404.959
Net Sales	272.190.990	191.488.070

NOTE 17 INVESTMENT PROPERTIES

Group classified the assets which are held for rent income or capital appreciation or both, instead of being used in production of goods or rendering of services or administrative purposes or sold in the ordinary course of business, as investment properties.

The Group measures the investment properties at fair value in the financial statements. There are no borrowing costs allocated to investment properties in scope of TAS 23. Investment property is presented at fair values as of December 31, 2017 and December 31, 2016 is as follows.

December 31, 2017

Asset Value	Opening Balance January 1, 2017	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2017
Land and Properties	32.835.000	3.505.000	(22.555.000)	-	-	13.785.000
Lands	32.835.000	3.505.000	(22.555.000)	-	-	13.785.000
Buildings	25.792.755	23.734.374	-	-	-	49.527.129
Gebze Warehouse	9.920.000	5.912.129	-	-	-	15.832.129
Pendik Plants	13.515.000	17.620.000	-	-	-	31.135.000
Perpa Trade Center Office	2.357.755	202.245	-	-	-	2.560.000
TOTAL	58.627.755	27.239.374	(22.555.000)	-	-	63.312.129

December 31, 2016

Asset Value	Opening Balance January 1, 2016	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2016
Land and Properties	26.290.000	6.545.000	-	-	-	32.835.000
Lands	26.290.000	6.545.000	-	-	-	32.835.000
Buildings	19.857.755	5.935.000	-	-	-	25.792.755
Gebze Warehouse	7.830.000	2.090.000	-	-	-	9.920.000
Pendik Plants	9.870.000	3.645.000	-	-	-	13.515.000
Perpa Trade Center Office	2.157.755	200.000	-	-	-	2.357.755
TOTAL	46.147.755	12.480.000	-	-	-	58.627.755

Fair value difference amounting to TL 27.239.374 which was reflected to statement of profit or loss. (December 31,2016 :TL 12.480.000)

The fair market value of lands and buildings which are amongst the investment property are based on the expertise report written on December 2017 by TSKB Gayrimenkul Değerleme A.Ş

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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The Investment Property of Group as of December 31, 2017 and December 31, 2016 are listed as follow:

December 31, 2017

City	Providence	Village	Deed (m ²)	Receiving Date
Kocaeli (a)	Gebze	Sirasöğütler	8.198	30.06.2000
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (c)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (c)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Darica	Tepecik Köyü	7.050	28.07.1998
Kocaeli (d)	Darica	Tepecik Köyü	14.800	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.888	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.360	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.620	09.07.1997
İstanbul (f)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

Arsalar:

- The Group has a right of easement in favor of TEDAŞ in the 1.980 square meters area on the 8.198.54 square meter factory building and its land, which is located on the 14 parcels of Kocaeli/ Gebze District Station District 5739 which is classified under Investment Properties. While the inspection being conducted in Gebze Municipality Zoning Directorate, it has been determined that the parcel where the facility is located is within the "Trade Zone" of 1/1000 scaled application development plan dated March 17, 2016 and numbered 157. During the investigation of the Gebze Municipality's Development directorate information on immovable's archive file, building license numbered 165 dated June 5, 1995 (construction area 793 m²), building license numbered 197 dated June 24, 1996 (construction area 1.511 m²), building license numbered 149 dated August 13, 2001 (construction area 1,47 m²) and building license numbered 128 dated September 29, 2006 (construction area 1.047 m²) are acquired for facility and its area 3.711 m² according to building licence and attachments. The valuation has been made numbered report 2017A1055 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş.'nin. in accordance with peer assessment method value of immovable is TL 15.832.129
- As of the report date, there is no mortgage, levy or annotation on the facilities placed in Ortamahalle District, Kavsak Street, No:1, Pendik - İstanbul. (10282 block, 3 parcels). The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any change in property right for parcel of land at least 3 years. The evaluation has made numbered report 2017A1053 and dated December 29, 2017 TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 31.135.000
- Group has two plots of land classified among Immovable Property Held for Investment Purposes that are located in Darica Ş. neighborhood, Darica district, Kocaeli province; one with lot no 1333, plot no. 2 with an area of 1515 sqm, and the other with lot no 1333, plot no 3 with an area of 4284 sqm, and these two plots of land were merged into one plot with lot no 1333 and plot no 5, with the decision of the Municipal Council dated July 10, 2012 and numbered 759. As of the date of the report, there are no mortgages, attachments or restrictions on this plot. Review of the records of the Darica Municipality Zoning Department revealed that the lot that constitutes the subject matter of the report, is included in the "Commercial Area" in the Master Zoning Plan with a scale of 1/5000, issued on September 17, 2015 with no 517, and that its location is correct. The Application Zoning Plan with a scale of 1/1000 is still being prepared. Immovable properties that were valued, were idle as of the date of the report. Valuation was made based on the report of TSKB Gayrimenkul Değerleme A.Ş. dated December 29, 2017 and numbered 2017A1056, and the value of the immovable property is TL 9.220.200 when compared to equivalent properties.
- As of the report date, there is an enclosure within the borders of forest for the part 117,616 m² and 533,211 m² of the total 14.800 m² of the land which is placed parcel of land numbered 18, A.13.A plot and 7.050 m² of the land which is placed parcel of land numbered 17, A.13.A plot in Tepecik Village, Dilova Province – Kocaeli City. The part with areas of 14.682,38 m² and 6.516,78 m² are based on for the determination of fair value. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. The immovable subject to valuation are empty lots as of the report date. During the investigation of the Dilova's Development directorate information, the immovable's are showed as "part of forest and other agricultural areas" in 1/25.000 scale Darica Municipality's regulatory revised plan which is approved by Committee decision issued at December 16, 2008 with the decree no of 669. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/816 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.580.000.
- As of the report date, the Group owns the land which are placed parcel of land numbered 1128, 7 plot with the 23.888 m², placed parcel of land numbered 1135, 7 plot with the 7.360 m², placed parcel of land numbered 1155, 8 plot with the 8.620 m², in Duraklı Village ,Gebze Province – Kocaeli City. As of the report date, 3.583,20 m² of the land belongs to Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. There is no mortgage, levy or annotation on the land apart. The

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immovable subject to valuation are empty lots as of the report date. During the investigation of the Gebze Municipality's Development directorate information, the immovable's are showed as "other agricultural areas" in 1/25.000 scale Darıca Municipality's regulatory revised plan which is approved by Committee decision issued at July 18, 2008 with the decree no of 403. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/317 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 1.985.000.

- f. Group's investment property is consist of independent section in Istanbul city, Şişli province, Halil Rifat Paşa Street, Perpa Trade Center A Block 111 and no.1452 with B Block 978 and no.980. In accordance with deed investigation, in İstanbul Büyükşehir Belediyesi's favour first degree mortgage TL 10.000 (December 03, 1986 and with entry no.392) and in T.E.K's favour rent restriction (dated September 25, 1987 with entry no 3035. During the investigation of the Şişli Municipality's Development directorate information, the immovable's are showed as "Wholesale Trade Area" in 1/1.000 scale Dolapdere/ Piyalepaşa avenue and its environment regulatory revised plan is confirmed the place. It has been determined that there has not been any change in the ownership status of the immovables within the last 3 years. The evaluation has made numbered report 2017/318 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.560.000.

December 31, 2016

City	Providence	Village	Deed (m ²)	Receiving Date
Kocaeli (a)	Gebze	Sırasöğütler	8.198	30.06.2000
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (c)	Darıca	Darıca 2	16.111	15.03.2004
Kocaeli (d)	Darıca	Darıca 2	4.248	06.08.2004
Kocaeli (d)	Darıca	Darıca 2	1.515	31.08.2009
Kocaeli (e)	Darıca	Tepecik Köyü	7.050	28.07.1998
Kocaeli (e)	Darıca	Tepecik Köyü	14.800	28.07.1998
Kocaeli (f)	Gebze	Duraklı Köyü	23.888	09.07.1997
Kocaeli (f)	Gebze	Duraklı Köyü	7.360	09.07.1997
Kocaeli (f)	Gebze	Duraklı Köyü	8.620	09.07.1997
İstanbul (g)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

Lands:

- a. The Group has a right of easement in favor of TEDAŞ in the 1.980 square meters area on the 8.198.54 square meter factory building and its land, which is located on the 14 parcels of Kocaeli/ Gebze District Station District 5739 which is classified under Investment Properties. While the inspection being conducted in Gebze Municipality Zoning Directorate, it has been determined that the parcel where the facility is located is within the "Trade Zone " of 1/1000 scaled application development plan dated March 17, 2016 and numbered 157. During the investigation of the Gebze Municipality's Development directorate information on immovable's archive file, building license numbered 165 dated June 5, 1995 (construction area 793 m²), building license numbered 197 dated June 24, 1996 (construction area 1.511 m²), building license numbered 149 dated August 13, 2001 (construction area 1,47 m²) and building license numbered 128 dated September 29, 2006 (construction area 1.047 m²) are acquired for facility and its area 3.711 m² according to building licence and attachments. The valuation has been made numbered report 2017/311 and dated January 16, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with cost value method value of immovable is TL 9.200.000
- b. As of the report date, there is no mortgage, levy or annotation on the facilities placed in Ortamahalle District, Kavsak Street, No:1, Pendik - İstanbul. (10282 block, 3 parcels). The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any change in property right for parcel of land at least 3 years. The evaluation has made numbered report 2017/313 and dated January 27, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 13.515.000.
- c. As of the report date, there is an easement right of TEK for the part of 240 m² of the land which is placed in 30K-3B plot, 1365 block in Darıca 1 Village, Darıca - Kocaeli with an area of 16.111 m². There is no mortgage, levy or annotation on the land apart from the above mentioned situation. During the investigation of the Darıca Municipality's Development directorate information, the immovable's are located of parcel that part of trading area and part of road zone which is affirmed that applied construction plan placed of numbered 517 ,1/5000 plot affirmation dated September 17, 2015. 1/1.000-scale application in the preparation works of the development plan are currently underway. During the investigation of the Darıca Municipality's Development directorate information on immovable's archive file, There is an architectural project dated August 5, 2008 for the facilities which were planned to be constructed on this Land. In regard to this plan there are 2 construction permits numbered 360 and dated December 25, 2008 also 2 renovation permits

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- numbered 23 and dated February 22, 2013 and there are 2 construction permits numbered 300 and 301. (Construction Area is 13.087 m²) On-site inspections has been carried out on the basis of official documents indicating that the basement floor was added to the administrative building (gross 230 m²), which seemed as two floors with the ground and normal floor. In addition, it has been identified that three storey administrative district with 400 m² was being built in production building. The usage area taken place in construction permit documents has been taken into consideration while valuation was being made. The evaluation has made numbered report 2017/315 and dated January 24, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method.
- d. As of the report date, with the committee decision made dated on July 10, 2012 numbered 759, the group has converted the part located in Kocaeli, Darıca District which is classified under Investment Properties with an area of 1.515 m², parcel numbered 2, 1333 block and with an area of 4.248 m², parcel numbered 3, 1333 block into 1333 block and parcel numbered 5. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. During the investigation of Darıca's Development Directorate, it has been determined that the parcel where the facility is located was within the "Trade Zone" of 1/5000 scaled application development plan dated September 17, 2015 and numbered 517. 1/1000 Scale Implementation Plan preparation studies are already taking place. The immovable subject to valuation are empty lots as of the report date. The valuation was made by Elit Gayrimenkul Değerleme A.Ş.'s dated January 23, 2017 and numbered 2017/314, and the value of the immovable was TL 5,215,000 according to the peer assessment method.
- e. As of the report date, there is an enclosure within the borders of forest for the part 117,616 m² and 533,211 m² of the total 14.800 m² of the land which is placed parcel of land numbered 18, A.13.A plot and 7.050 m² of the land which is placed parcel of land numbered 17, A.13.A plot in Tepecik Village, Dilova Province – Kocaeli City. The part with areas of 14.682,38 m² and 6.516,78 m² are based on for the determination of fair value. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. The immovable subject to valuation are empty lots as of the report date. During the investigation of the Dilova's Development directorate information, the immovable's are showed as "part of forest and other agricultural areas" in 1/25.000 scale Darıca Municipality's regulatory revised plan which is approved by Committee decision issued at December 16, 2008 with the decree no of 669. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/816 and dated January 18, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 1.380.000.
- f. As of the report date, the Group owns the land which are placed parcel of land numbered 1128, 7 plot with the 23.888 m², placed parcel of land numbered 1135, 7 plot with the 7.360 m², placed parcel of land numbered 1155, 8 plot with the 8.620 m², in Duraklı Village, Gebze Province – Kocaeli City. As of the report date, 3.583,20 m² of the land belongs to Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. There is no mortgage, levy or annotation on the land apart. The immovable subject to valuation are empty lots as of the report date. During the investigation of the Gebze Municipality's Development directorate information, the immovable's are showed as "other agricultural areas" in 1/25.000 scale Darıca Municipality's regulatory revised plan which is approved by Committee decision issued at July 18, 2008 with the decree no of 403. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/317 and dated January 18, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 710.000.
- g. Group's investment property is consist of independent section in Istanbul city, Şişli province, Halil Rifat Paşa Street, Perpa Trade Center A Block 111 and no.1452 with B Block 978 and no.980. In accordance with deed investigation, in İstanbul Büyükşehir Belediyesi's favour first degree mortgage TL 10.000 (December 03, 1986 and with entry no.392) and in T.E.K's favour rent restriction (dated September 25, 1987 with entry no 3035. During the investigation of the Şişli Municipality's Development directorate information, the immovable's are showed as "Wholesale Trade Area" in 1/1.000 scale Dolapdere/ Piyalepaşa avenue and its environment regulatory revised plan is confirmed the place. It has been determined that there has not been any change in the ownership status of the immovables within the last 3 years. The evaluation has made numbered report 2017/318 and dated January 18, 2017 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.320.000.

Group transferred real estates amounting to TL 22.555.000 included in Investment Properties to Tangible Fixed Assets for the purpose of change for the purpose of use as of 31.12.2017

The amount of pledges, securities and limitations on Investment Properties is disclosed in Note. 22

Insurance amount of Investment Properties are disclosed in Note. 22

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NOTE 18 TANGIBLE ASSETS

Tangible assets for the periods ended are as follows:

December 31, 2017

Cost	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposal (-)	December 31, 2017 Closing Balance
Land	22.116.118	151.803	22.555.000	3.596.587	-	48.419.508
Land Improvements	3.185.462	-	123.756	39.788	-	3.349.006
Buildings	65.718.246	870.389	15.346.904	2.219.559	-	84.155.098
Machinery, Plants and Equipment	422.323.301	5.115.276	656.187	15.554.774	(2.747.303)	440.902.235
Vehicles	5.266.969	37.701	-	594.574	(242.343)	5.656.901
Furniture and Fixtures	8.727.826	25.722	387.121	719.342	(207.696)	9.652.315
Other Fixed Assets	10.996.747	-	-	54.249	(114.879)	10.936.117
Constructions in Progress	21.512.212	-	(24.114.131)	12.354.586	(367.502)	9.385.165
Special Costs	2.439.905	97.844	-	176.446	-	2.714.195
Impairment of Land (-)	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment of Buildings(-)	(432.564)	-	-	-	-	(432.564)
Total	561.303.686	6.298.735	14.954.837	35.309.905	(3.679.723)	614.187.439

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Depreciation	Disposal (-)	December 31, 2017 Closing Balance
Land Improvements	(1.542.242)	-	-	(109.000)	-	(1.651.242)
Buildings	(20.079.934)	(145.239)	-	(1.910.052)	-	(22.135.225)
Machinery, Plants and Equipment	(299.434.023)	(1.864.079)	-	(18.461.367)	1.545.355	(318.214.114)
Vehicles	(4.319.988)	(20.600)	-	(262.886)	240.136	(4.363.338)
Furniture and Fixtures	(6.109.412)	(12.024)	-	(816.299)	207.284	(6.730.451)
Other Fixed Assets	(10.488.029)	-	-	(197.803)	112.589	(10.573.243)
Special Cost	(1.423.052)	(20.693)	-	(72.370)	-	(1.516.115)
Total	(343.396.680)	(2.062.635)	-	(21.829.777)	2.105.364	(365.183.728)

Tangible Assets, Net **217.907.006** **249.003.711**

(*) Group has transferred its investment property amounting to TL 22.555.000 included in Investment Properties to Tangible Fixed Assets due to the change in purpose of use. In addition, assets amounting to TL 7,600.163 in the nature of the Investment in Progress in the Tangible Fixed Assets are classified as Intangible Fixed Assets as of December 31, 2017

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December 31, 2016

Cost	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposal (-)	December 31, 2016 Closing Balance
Land	21.748.719	367.399	-	-	-	22.116.118
Land Improvements	3.185.462	-	-	-	-	3.185.462
Buildings	63.169.345	2.157.593	-	391.308	-	65.718.246
Machinery, Plants and Equipment	389.735.420	10.597.072	16.552.874	6.946.844	(1.508.909)	422.323.301
Vehicles	4.986.098	92.023	-	452.124	(263.276)	5.266.969
Furniture and Fixtures	10.500.038	57.838	-	1.236.434	(3.066.484)	8.727.826
Other Fixed Assets	11.034.856	-	-	25.272	(63.381)	10.996.747
Constructions in Progress	32.698.943	-	(16.402.241)	5.215.510	-	21.512.212
Special Cost	2.066.199	205.979	-	167.727	-	2.439.905
Impairment of Land (-)	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment of Buildings(-)	(432.564)	-	-	-	-	(432.564)
Total	538.141.980	13.477.904	150.633	14.435.219	(4.902.050)	561.303.686

Accumulated Depreciation	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Depreciation	Disposal (-)	December 31, 2016 Closing Balance
Land Improvements	(1.438.610)	-	-	(103.632)	-	(1.542.242)
Buildings	(18.544.980)	(219.930)	-	(1.315.024)	-	(20.079.934)
Machinery, Plants and Equipment	(280.503.490)	(3.743.396)	-	(16.669.258)	1.482.121	(299.434.023)
Vehicles	(4.313.811)	(44.003)	-	(225.449)	263.275	(4.319.988)
Furniture and Fixtures	(8.439.555)	(25.282)	-	(710.048)	3.065.473	(6.109.412)
Other Fixed Assets	(10.330.269)	-	-	(221.139)	63.379	(10.488.029)
Special Cost	(1.315.624)	(44.455)	-	(62.973)	-	(1.423.052)
Total	(324.886.339)	(4.077.066)	-	(19.307.523)	4.874.248	(343.396.680)

Tangible Assets, Net **213.255.641** **217.907.006**

The amounts of liens and other restrictions on Tangible assets are disclosed in Note: 22.

Insurance amount of Tangible assets are disclosed in Note: 22.

Due to fact that Tangibles Assets do not fall under the scope of qualifying assets as described in IAS 23 "Borrowing Costs" the financial expenses related to tangible assets are reflected to the statement of profit or loss and are not capitalized. The Group does not have any tangible assets which are temporarily inoperative.

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NOTE 19 INTANGIBLE ASSETS

Intangible assets at the end of the period are as follows:

December 31, 2017

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposals (-)	December 31, 2017 Closing Balance
Rights	15.428.756	6.012	7.600.164	-	(31.014)	23.003.918
Development Cost	3.522.742	-	-	-	(229.083)	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	19.128.993	6.012	7.600.164	-	(260.097)	26.475.072

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Amortization	Disposals (-)	December 31, 2017 Closing Balance
Rights	(13.353.020)	(26)	-	(1.447.787)	31.013	(14.769.820)
Development Cost	(1.241.414)	-	-	(704.510)	-	(1.945.924)
Other Intangible Assets	(170.457)	-	-	(5.029)	-	(175.486)
Total	(14.764.891)	(26)	-	(2.157.326)	31.013	(16.891.231)

Intangible Assets, Net	4.364.102					9.583.839
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December 31, 2016

Accumulated Depreciation	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposals (-)	December 31, 2016 Closing Balance
Rights	15.550.266	14.854	-	14.269	(150.633)	15.428.756
Development Cost	2.606.410	-	-	916.332	-	3.522.742
Other Intangible Assets	188.724	-	-	-	(11.229)	177.495
Total	18.345.400	14.854	-	930.601	(161.862)	19.128.993

Accumulated Depreciation	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Amortization	Disposals (-)	December 31, 2016 Closing Balance
Rights	(13.044.286)	(15.323)	-	(293.411)	-	(13.353.020)
Development Cost	(749.280)	-	-	(492.134)	-	(1.241.414)
Other Intangible Assets	(176.542)	-	-	(5.145)	11.230	(170.457)
Total	(13.970.108)	(15.323)	-	(790.690)	11.230	(14.764.891)

Intangible Assets, Net	4.375.292					4.364.102
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NOTE 20 GOODWILL

None.

NOTE 21 GOVERNMENT GRANT AND ASSISTANCE

The Group benefits from incentives in scope of Research and Development Law. (100 % Corporate Tax Exemption).

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NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

22.1 Provisions

Account Name	December 31, 2017	December 31, 2016
Provisions for Employee Benefits	12.088.982	5.974.299
Provision for Premium	5.415.675	3.746.035
Provision for Unused Authorization	2.306.815	1.706.499
Provision for Labor Agreement Salary Increase Differences(*)	3.986.812	-
For Termination Indemnities	379.680	521.765
Other Short-Term Provisions	1.438.605	984.247
Provision for Lawsuits	602.350	502.606
Other Provision	836.255	481.641
Total	13.527.587	6.958.546

	Provision for Lawsuit	Provision for Premium	Provision for Unused Authorization	For Termination Indemnities	Provision for Labor Agreement Salary Increase Differences	Other	Total
January 1, 2017	502.606	3.746.035	1.706.499	521.765	-	481.461	6.958.546
Additional provisions	99.744	5.415.675	2.306.815	379.680	3.986.812	836.075	13.024.801
Payments	-	(3.746.035)	(1.706.499)	(521.765)	-	(481.461)	(6.455.760)
December 31, 2017	602.350	5.415.675	2.306.815	379.680	3.986.812	836.075	13.527.587

	Provision for Lawsuit	Provision for Premium	Provision for Unused Authorization	For Termination Indemnities	Other	Total
January 1, 2016	525.461	3.324.588	1.340.098	-	743.555	5.933.702
Additional provisions	16.855	3.746.035	1.706.499	521.765	481.641	6.472.795
Payments	-	(3.324.588)	(1.340.098)	-	(743.555)	(5.408.241)
Provisions cancelled	(39.710)	-	-	-	-	(39.710)
December 31, 2016	502.606	3.746.035	1.706.499	521.765	481.641	6.958.546

Provisions of long-term payables of the Group as of the period-end, are composed of indemnity pays and are detailed in Note 24.

22.2 Contingent Assets and Liabilities;

Contingent Events;

December 31, 2017

The Group make provisions for doubtful receivables for the receivables which have not been collected even they were past due as of December 31, 2017, the Group made provision for receivables amount of TL 36.826.220 .The group also made provisions for lawsuits total amount of TL 602.350 for the lawsuits against in consolidated financial statements.

December 31, 2016

The Group make provisions for doubtful receivables for the receivables which have not been collected even they were past due as of December 31, 2016, the Group made provision for receivables amount of TL 31.513.079 The group also made provisions for lawsuits against the group amounting to TL 502.606 in consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22.3 Commitments Not Presented in the Liabilities of the Statement of financial position;

Description	Type of Currency	December 31, 2017	December 31, 2017	December 31, 2016	December 31, 2016
		Currency Amount	TL Amount	Currency Amount	TL Amount
Sarkuysan Letters of Guarantees Given	TL	-	25.041.125	-	26.083.230
Sarkuysan Letters of Guarantees Given	USD	9.162.600	34.560.411	15.604.000	54.913.597
Sarkuysan Letters of Guarantees Given	EURO	11.650.200	52.606.478	12.710.000	47.152.829
Sarmakina Letters of Guarantees Given	TL	-	353.080	-	313.040
Sarmakina Letters of Guarantees Given	USD	103.895	391.882	117.495	413.488
Sarmakina Letters of Guarantees Given	EURO	-	-	22.800	84.586
Bektaş Letters of Guarantees Given	TL	-	-	-	2.117
Sarda Letters of Guarantees Given	TL	-	18.920.000	-	15.606.000
Ege Ser.Bölge Letters of Guarantees Given	USD	1.838	6.933	1.838	6.468
TOTAL			131.879.909		144.575.355
Sarkuysan Sureties Given	TL	-	18.376.342	-	18.376.342
Sarkuysan Sureties Given	EURO	500.000	2.257.750	500.000	1.854.950
Sarkuysan Sureties Given	USD	25.179.000	94.972.670	20.179.000	71.013.937
TOTAL			115.606.762		91.245.229
Sarda Letters of Guarantees Taken	TL	-	7.610.000	-	6.740.000
Sarmakina Letters of Guarantees Taken	TL	-	-	-	91.820
Sarkuysan Letters of Guarantees Taken	TL	-	15.070.000	-	7.744.550
Sarkuysan Letters of Guarantees Taken	USD	6.459.350	24.364.022	5.625.100	19.795.852
Sarkuysan Letters of Guarantees Taken	EURO	1.016.086	4.588.138	-	-
Sarkuysan Letters of Guarantees Taken	GBP	-	-	-	-
TOTAL			51.632.160		34.372.222
Sarkuysan Cheques of Guarantees Received	TL	-	97.560	-	93.080
Sarda Cheques of Guarantees Received	TL	-	-	-	-
Sarkuysan Cheques of Guarantees Received	USD	5.200	19.614	2.976	10.474
Sarkuysan Cheques of Guarantees Received	EURO	2.000	9.031	2.000	7.420
TOTAL			126.205		110.974
Sarkuysan Notes of Guarantees Received	TL	-	29.015.869	-	29.018.658
Sarkuysan Notes of Guarantees Received	USD	20.150.000	76.003.785	19.170.000	67.463.064
Sarkuysan Notes of Guarantees Received	EURO	60.325	272.398	60.325	223.800
Sarda Notes of Guarantees Received	TL	-	150.000	-	7.980.000
Sarda Notes of Guarantees Received	USD	-	-	17.750.000	62.465.800
TOTAL			105.442.051		167.151.322
Sarkuysan Mortgages Received	TL	-	33.600.000	-	25.000.000
Sarda Mortgages Received	TL	-	-	-	1.550.000
TOTAL			33.600.000		26.550.000
Sarkuysan Notes of Guarantees Given	TL	-	-	-	600.000
Sarkuysan Notes of Guarantees Given	USD	76.951.361	290.252.839	83.444.270	293.657.075
Sarkuysan Notes of Guarantees Given	EURO	15.792.500	71.311.034	8.227.500	30.523.202
Sarkuysan Notes of Guarantees Given	GBP	7.763.250	39.439.639	-	-
TOTAL			401.003.511		324.780.277
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	TL	-	-	-	61.406.440
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	USD	-	-	-	-
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	EURO	-	-	-	-
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	GBP	-	-	-	-
Sarkuysan DBS Guarantees (Received Guarantees)	TL	-	16.260.600	-	12.390.000
Sarkuysan Hermes Guarantees	USD	-	-	30.285.000	106.578.972
Sarkuysan Exim Guarantees (Received Guarantees)	EUR	47.650.000	215.163.575	-	-
Sarkuysan Exim Guarantees (Received Guarantees)	GBP	7.275.000	36.959.183	-	-
Sarkuysan Exim Guarantees (Received Guarantees)	TL	-	100.000	-	-
Sarkuysan Exim Guarantees (Received Guarantees)	USD	150.545.000	567.840.686	-	-
Sarda Exim Guarantees (Received Guarantees)	TL	-	51.660.000	-	-
Sarda Exim Guarantees (Received Guarantees)	EUR	6.075.000	27.431.663	-	-
Sarda Exim Guarantees (Received Guarantees)	USD	4.500.000	16.973.550	-	-
Sarda Exim Guarantees (Received Guarantees)	GBP	1.700.000	8.636.510	-	-
Sarda Guarantee Contract (Received Guarantees)	USD	5.000.000	18.859.500	5.000.000	17.596.000
TOTAL			959.885.267		180.375.412

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31,2017**

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2017

TL 58.504 of the cheques of guarantees received by the company belongs to its customers and TL 67.700 belongs to service vendors.

Letter of guarantees with the amount of TL 51.002.160 are received from the customers and TL 630.000 from service vendors.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 101.075.311 and TL 4.216.739 respectively.

Letter of guarantees given with the amount of TL 1.658.677 to Large Taxpayers Office, TL , 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 3.121.523 was given to Customs Office, TL 7.498.853 to İstanbul 34th Directorate of Execution, TL 87.132.942 to Eximbank and TL 3.000.000 to Gazport A.Ş , TL 2.369.424 to Sakarya Elektrik Perakende Satış A.Ş, TL 18.820.000 to Vatan İhtisas and TL 3.278.491 to other public institutions.

The entire amount of security bonds and bills that were provided, are composed of guarantees given to Eximbank.

Sureties were given for Bektaş TL 6.342, Sarmakina TL 2.257.750 (EURO 500.000), Sarda TL 18.370.000 TL, Sark Wire Corp. TL 94.972.670 (USD 25.179.000) which were consolidated according to full consolidation method.

In 2016, the Group secured its receivables through Euler Hermes Insurance Co., and in 2017, the Group started to use securities of Türkiye İhracat Kredi Bankası A.Ş. (Eximbank)

December 31, 2016

TL 43.274 of the cheques of guarantees received by the company belongs to its customers and TL 67.700 belongs to service vendors.

Letter of guarantees with the amount of TL 34.192.672 are received from the customers and TL 179.550 from service vendors.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 162.980.390 and TL 4.170.932, respectively.

Letter of guarantees given with the amount of TL 2.335.215 to Large Taxpayers Office, TL 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 2.067.612 was given to Customs Office, TL 7.444.853 to İstanbul 34th Directorate of Execution, TL 5.626.000 to Haliç Corporate Tax Office, TL 102.034.753 to Eximbank and TL 6.510.203 to Gazport A.Ş , TL 757.820 to Sakarya Elektrik Perakende Satış A.Ş, TL 9.880.000 to Vatan İhtisas and TL 2.918.899 to other public institutions.

TL 324,780,277 of the security bonds that were provided is composed of security bonds given to Eximbank.

Sureties were given for Bektaş TL 6.342, Sarmakina TL .1854.950 (EURO 500.000), Sarda TL 18.370.000 TL, Sark Wire Corp. TL 71.013.937 (USD 20.179.000) which were consolidated according to full consolidation method.

22.4 Total Amount of Insurances on Assets**December 31, 2017**

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Fire + earthquake	Group		31 Aralık 2017			
	Company	Ak Sigorta A.Ş.	31 Aralık 2018	USD		342.302.050
Vehicles	Group		31 Aralık 2017			
	Company	Ak Sigorta A.Ş.	31 Aralık 2018	TL	2.046.650	
Machine - Fixture	Group		31 Aralık 2017			
	Company	Ak Sigorta A.Ş.	31 Aralık 2018	USD		220.449.732
Burglary	Group		31 Aralık 2017			
	Company	Ak Sigorta A.Ş.	31 Aralık 2018	USD		14.111.738
Total USD						576.863.520
Total TL						2.046.650

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2016

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Fire + earthquake	Group Company	Axa Sigorta A.Ş.	31 Aralık 2017 31 Aralık 2018	USD		303.831.291
Vehicles	Group Company	Axa Sigorta A.Ş.	31 Aralık 2017 31 Aralık 2018	TL	3.704.282	
Machine - Fixture	Group Company	Axa Sigorta A.Ş.	31 Aralık 2017 31 Aralık 2018	USD		153.628.411
Robbery	Group Company	Axa Sigorta A.Ş.	31 Aralık 2017 31 Aralık 2018	USD		4.032.555
Total USD						461.492.257
Total TL						3.704.282

22.5 Distribution Of Given Mortgages & Guarantees And Portion In Owners' Equity

Group's guarantee / pledge / mortgage statements position for period in December 31, 2017 and December 31, 2016 are as follows.

	December 31, 2017	December 31, 2017	December 31, 2016	December 31, 2016
	Foreign Currency Amount	TL Amount	Foreign Currency Amount	TL Amount
Mortgages & Guarantees Given by the Group				
A. Total amount of M&G Given on behalf of the Group		532.883.420	-	469.355.632
Guarantee Letters (TL)				
Guarantee Letters (EURO)		44.314.205	-	42.004.387
Guarantee Letters (USD)	11.650.200	52.606.478	12.732.800	47.237.415
Mortgages (TL)	9.268.333	34.959.225	15.723.333	55.333.553
Mortgages (EURO)			-	-
Guarantee Cheques (TL)			-	-
Guarantee Cheques (USD)			-	-
Guarantee Notes (TL)			-	-
Guarantee Notes (USD)			-	600.000
Guarantee Notes (EURO)	76.951.361	290.252.839	83.444.270	293.657.075
Guarantee Notes (GBP)	15.792.500	71.311.034	8.227.500	30.523.202
Pledge of Assets (TL)	7.763.250	39.439.639	-	-
İşletme Rehni (TL)			-	-
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation		115.606.762	-	91.245.229
Surety (TL)		18.376.342	-	18.376.342
Surety (EURO)	500.000	2.257.750	500.000	1.854.950
Surety (USD)	25.179.000	94.972.670	20.179.000	71.013.937
Mortgages (EURO)			-	-
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.			-	-
D. Total Amount of other M&G Given			-	-
Total		648.490.182		560.600.861

As of December 31, 2017, the ratio of other M&Gs given by the Group to the Group's own funds is 0% (31 December 2016: 0%).

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017**

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NOTE 23 COMMITMENTS

None.

NOTE 24 EMPLOYEE TERMINATION BENEFITS

Account Name	December 31, 2017	December 31, 2016
Provisions for Termination Indemnity	33.012.968	27.271.845
- Short Term Provisions for Termination Indemnity	379.680	521.765
- Long Term Provisions for Termination Indemnity	32.633.288	26.750.080
Total	33.012.968	27.271.845

In context of current Labor Law, liability of payment of legal benefit for termination indemnity arises when terminated employment contract is qualified for termination indemnity. In addition, according to currently operated Social Insurance Law making payment to employee, who has the right of severance with termination indemnity, is a

legal liability As of December 31, 2017, termination indemnity upper limit is monthly TL 5.001,76 (December 31, 2016: TL 4.426,16). Termination indemnity payable is not subject to any legal funding.

Termination indemnity payable, is calculated by forecasting the present value of currently working employee's possible future liabilities IAS 19 ("Employee Termination Benefits"), predicts to build up Group's liabilities with using actuarial valuation techniques in context of defined benefit plans. According to these predictions, actuarial assumptions used in calculation of total liabilities are as follows:

Base assumption is the inflation parallel increase of maximum liability of each year Applied discount rate must represent expected real discount rate after the adjustment of future inflation As of December 31, 2017, provisions in financial statement are calculated by forecasting the present value of currently working employee's possible future liabilities. The provisions at the statement of financial position dates have been calculated assuming an annual inflation rate of 8,00 % and a discount rate of 12 %. The real discount rate of % 3,70 (December 31, 2016: %3,25) was used in the computation. Employee termination benefits related to severance for December 31, 2017 probability estimate was calculated as 99,99 %. (December 31, 2016: %99,66). The Group Management revised the expectations of discount assumptions in 2017.

Movements of Provisions for Termination Indemnity are as follows;

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Provision as of January 1	27.271.846	24.276.706
Current Period Service Cost	3.694.627	446.543
Interest Cost	2.917.220	2.206.892
Actuarial Income/Loss	92.513	2.016.214
Loss Composed on Payment	1.913.196	916.444
Payments	(2.876.434)	(2.590.954)
Closing Balance	33.012.968	27.271.845

Provision expense of indemnity pay in the current period is TL 8,525,044; and the amount of income from provisions no longer required, is TL 189,691 (December 31, 2016: TL 5,586,092)

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	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Manufacturing Cost	5.488.286	2.840.346
Marketing, Selling and Distribution Expenses	415.606	203.490
General Administration Expenses	2.493.301	489.831
Research and Development Expenses	127.851	54.379
Provisions No Longer Required	(289.691)	(18.167)
The amount accounted in Profit / Loss	8.235.353	3.569.879
Actuarial Loss accounted in Other Comprehensive Income	92.513	2.016.214
Total Expense	8.327.866	5.586.092

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Actuarial Loss accounted in Other Comprehensive Income	92.513	1.974.815
Tax Effect: % 20	(36.408)	(394.963)
Net Amount	56.105	1.621.251

(*) The Company's actuarial balance of TL 89.527 of the Free Zone Area, (which is not subject to the taxation), included in the actuarial calculation for 2017 is included in the actuarial loss and gain recognized in Other comprehensive income. Therefore, the actuarial valuation is 92.513 TL and the sum of 89.527 TL is 182.040 TL.

NOTE 25 RETIREMENT BENEFIT PLANS

None.

NOTE 26 OTHER ASSETS AND LIABILITIES

Account Name	December 31, 2017	December 31, 2016
Prepaid Expenses for Following Months	2.393.761	3.985.806
Advances Given For Purchases	67.941.171	23.229.892
Work Advances	38.428	2.357.065
Total Prepaid Expenses (Current Assets)	70.373.360	29.572.763
Prepaid Expenses For Next Months	-	6.294
Advances Given For Purchases	4.900.742	262.754
Total Prepaid Expenses (Non-Current Assets)	4.900.742	269.048

Other current assets for the periods ended, are as follows:

Account Name	December 31, 2017	December 31, 2016
Deferred V.A.T.	1.885.642	10.007.885
Employee Advances	31.353	25.566
Other Doubtful Assets	29.413	29.413
Provisions for Other Doubtful Assets (-)	(29.413)	(29.413)
Other	149.399	796.818
Total	2.066.394	10.830.269

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Provisions For Other Doubtful Assets:

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening balance	(29.413)	(46.413)
Received amount in the current year(-)	-	-
Cancel	-	17.000
Period cost	-	-
Closing balance	(29.413)	(29.413)

The group does not have any Other Long-Term Assets as of December 31,2017.

Group's Deferred Incomes for the periods ended, are as follows :

Account Name	December 31, 2017	December 31, 2016
<i>Advances Received</i>	<i>12.419.263</i>	<i>1.243.601</i>
Total	12.419.263	1.243.601

Group's Other Short-Term Liabilities for the periods ended, is as follows :

Hesap Adı	December 31, 2017	December 31, 2016
Taxes and Funds Payable	446.671	287.228
Other	-	72.728
Toplam	446.671	359.956

The Group does not have any Other Long-Term Liabilities for the periods ended.

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NOTE 27 CAPITAL, RESERVES AND OTHER SHAREHOLDER'S EQUITY ITEMS

27.1 Non-Controlling Interests

	December 31, 2017	December 31, 2016
Non-Controlling Interests	527.453	228.170
Total	527.453	228.170

Non-Controlling Interests movement table for the periods ended, are as follows :

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening Balance, January 1	228.170	(38.349)
Share from Current Period Profit	313.040	30.912
Profit Distribution	(13.402)	(17.169)
Foreign Currency Translation Adjustments	244	86
Employee Termination Benefits Actuarial Gain/Loss	(509)	(3.956)
Transactions with Non-Controlling Shareholders	-	256.646
Closing Balance	527.543	228.170

27.2 Capital / Adjustments regarding Share Capital of Participations

The share capital consist of 20.000.000.000 per-shares which each of 1 nominal value. The share capital consists of A and B Group shares which are divided into two groups and their privileges as follows;

31.12.2017

	Par Value	Number of Shares
A Type Shares	10	1000
B Type Shares	199.999.990	19.999.999.000
Total	200.000.000	20.000.000.000

31.12.2016

	Par Value	Number of Shares
A Type Shares	6	625
B Type Shares	124.999.994	12.499.999.375
Total	125.000.000	12.500.000.000

The capital is divided into group A and B. Group A shares is registered shares. Board of directors has 11 members. 5 of members of the board of directors are nominated by candidates that selected Group A Shareholder's while 4 of members of the board of directors are nominated by candidates that selected Group B. 2 of 11 members are selected comply with the corporate governance principles issued by Capital Market Board.

Type B shares are publicly traded and there is no shareholder who is holding voting rights more than %10 in TL 200.000.000 nominal price equity.

Increase in Capital:

With the Decision of the Board of Directors dated 14 February 2017 and numbered 1503/17.02, the Group decided to increase its issued capital of TL 125,000,000 by TL 75,000,000 to reach TL 50,445,488.25 by covering the entire amount with the internal funds of the Group; TL 50,445,488.25 from Positive Distinction from Share Capital Adjustment, and TL 24,554,511.75 from Extraordinary Reserves account, and as a result of this 60% capital increase, to distribute new shares free of charge to Company shareholders pro rata their interest, and to file an application with the Capital Markets Board to take necessary authorizations. The application was approved with authorization dated May 11, 2017 and numbered 29833736-105.01.01.02-E 6037. Shareholders started to exercise their rights to capital increase with bonus shares on May 15, 2017.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

27.3 Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss

Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss for the periods ended, are as follows:

Account Name	December 31, 2017	December 31, 2016
Actuarial Gain/Loss (Note:24)	(6.239.988)	(6.170.493)
Tax Effect (-)(Note:24, Note:35)	1.247.997	1.234.099
Actuarial Gain/Loss (Net)		(4.936.394)
Investment Property Revaluation Surplus		12.866.034
Tangible Assets Revaluation Surplus		6.961.456
Revaluation and Gain/Loss Arising from Measurement	(4.991.991)	14.891.096
Portion of Profit / (Loss) of Investments Evaluated by Equity Method (Note:16)	(253.262)	49.556
Other gain/loss	(253.262)	49.556
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss	(5.245.253)	14.940.652

Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss movement table for the periods ended, is as follows:

December 31, 2017

	Actuarial Gain/ Loss (***)	Investment Property Revaluation Surplus ^(*)	Other Gain/ Loss ^(**)	Total
Opening Balance, January 1	(4.936.394)	19.827.490	49.556	14.940.652
Addition	-	-	(302.818)	(302.818)
Transfer to Previous Year Profit / Losses	-	(19.827.490)	-	(19.827.490)
Employee Termination Benefits Actuarial Gain/Loss	(92.513)	-	-	(92.513)
Deferred Tax Offset (-)	36.408	-	-	36.408
Effect of Non-Controlling Shares	508	-	-	508
Closing Balance	(4.991.991)	-	(253.262)	(5.245.253)

(*) The group's investment property is recognized at fair value. Investment property took into consideration for the intended purpose of first classification related to capital appreciation which was recognized under shareholder's equity. Capital Appreciation related to evaluated investment property which was recognized understatement of profit or loss in next year's. Evaluation differences (Capital Appreciation) is recognized under shareholder's equity. The deferred tax asset related to capital appreciation is offsetted from evaluation differences fund.CMB determines that series: VIII, No:35* Communiqué on principles regarding appraisal companies and their listing by the board" with this communiqué the evaluation made by real estate appraisal companies which listed by the Board, when determine the fair value of investment property.

(**) Group's participations are recognized as investments evaluated by equity method under portion of other comprehensive income.

(***) Explanations on Actuarial Gain / Loss are disclosed in Note. 24.

December 31, 2016

	Actuarial Gain/ Loss (***)	Investment Property Revaluation Surplus ^(*)	Other Gain/ Loss ^(**)	Total
Opening Balance, January 1	(3.319.099)	19.827.490	498.046	17.006.437
Addition	-	-	(448.490)	(448.490)
Employee Termination Benefits Actuarial Gain/Loss	(2.012.258)	-	-	(2.012.258)
Deferred Tax Offset (-)	394.936	-	-	394.936
Closing Balance	(4.936.394)	19.827.490	49.556	14.940.652

(*) The group's investment property is recognized at fair value. Investment property took into consideration for the intended purpose of first classification related to capital appreciation which was recognized under shareholder's equity. Capital Appreciation related to evaluated investment property which was recognized understatement of profit or loss in next year's. Evaluation differences (Capital Appreciation) is recognized under shareholder's equity. The deferred tax asset related to capital appreciation is offsetted from evaluation differences fund.CMB determines that series: VIII, No:35* Communiqué on principles regarding appraisal companies and their listing by the board" with this communiqué the evaluation made by real estate appraisal companies which listed by the Board, when determine the fair value of investment property.(Note 17)

(**) Group's participations are recognized as investments evaluated by equity method under portion of other comprehensive income.

(***) Explanations on Actuarial Gain / Loss are disclosed in Note. 24.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

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27.4 Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss

Other Comprehensive Income / Expense to be Reclassified to Profit or Loss for the periods ended, are as follows:

Account Name	December 31, 2017	December 31, 2016
Foreign Currency Translation Adjustments	26.485.559	21.818.759
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	26.485.559	21.818.759

27.5 Restricted Reserves from Profit

Pursuant to Article 519 of the Turkish Commercial Code 6102, 5% of the annual profit is set aside as general legal reserves until reaching 20% of the paid-in capital of the Company. After reaching this limit, 5% dividend is paid to the shareholders and 10% of the total amount to be distributed to those sharing the profit, is added to general legal reserves. According to the Turkish Commercial Code, unless it exceeds half of the capital or paid-in capital, general legal reserves can only be used to cover losses, to continue operations when the business is not good, or to prevent vacancy and mitigate consequences.

27.6 Previous Years' Profits / (Losses)

Profits of previous years consist of extraordinary reserves, and profits of other previous years. In accordance with CMB regulations, Previous year's profits /(Losses) as of December 31, 2017 and December 31, 2016 are as follows:

Account Name	December 31, 2017	December 31, 2016
Extraordinary Reserves	46.332.373	65.052.276
Other Previous Years' Profits /(Losses)	65.166.138	38.554.564
Total	111.498.511	103.606.840

Publicly held companies have to distribute dividends according to Article 19 of the Capital Market Law 6362 and Dividend Communiqué I19.1 of the Capital Markets Board which came into force on February 1, 2014. According to this Communiqué, enterprises whose shares are traded on the stock exchange are not required to distribute profit, and companies may distribute their profits according to profit distribution policies to be determined by their general meeting of shareholders, and with the decision of the general meeting of shareholders under applicable legislation.

27.7 Other

Account Name	December 31, 2017	December 31, 2016
Capital	200.000.000	125.000.000
Capital Adjustments Differences	1.020.551	51.466.039
Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss	(5.245.253)	14.940.652
<i>Defined Benefit Plans Revaluation measurement Gains and Losses</i>	<i>(4.991.991)</i>	<i>(4.936.394)</i>
<i>Investment Property Revaluation Surplus(yatırım)</i>	<i>-</i>	<i>19.827.490</i>
<i>Other Gain/Loss</i>	<i>(253.262)</i>	<i>49.556</i>
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	26.485.559	21.818.759
<i>Currency Translation Adjustments</i>	<i>26.485.559</i>	<i>21.818.759</i>
Restricted Reserves	30.843.011	30.719.893
Previous Years' Profit	111.498.511	103.606.840
Net Period Profit	87.888.922	30.254.361
Parent Company Shareholders' Equity	452.491.301	377.806.544
Non-Controlling Interests	527.543	228.170
Total Shareholders' Equity	453.018.844	378.034.714

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NOTE 28 REVENUE AND COST OF SALES

Revenue and cost of sales for the periods ended are as follows:

Account Name	January 1, 2017	January 1, 2016
	December 31, 2017	December 31, 2016
Domestic Sales(*)	December 31, 2017	January 1, 2016
Foreign Sales	December 31, 2016	1.469.303.232
Other Sales	1.173.283	1.313.441
Sales returns (-)	(25.647.769)	(25.282.079)
Discounts (-)	(29.225.216)	(22.663.897)
Revenue	4.349.760.480	2.890.595.687
Cost of Sales (-)	(4.130.011.725)	(2.774.849.127)
Gross Profit	219.748.755	115.746.560

(*) As a result of the hedging transactions carried out in order to provide protection against sales and purchasing price movements on an individual order basis in sales, the Group generated revenues of TL 42.692.560 in 2017 and TL 9.890.148 in 2016, which are classified as sales.

Details of Cost of Sales are as follows:

Account Name	January 1, 2017	January 1, 2016
	December 31, 2017	December 31, 2016
Cost of Products Sold (-)	(3.925.979.438)	(2.086.440.836)
Cost of Commercial Goods Sold (-)	(120.691.569)	(644.033.577)
Cost of Services Sold (-)	(24.445.334)	(29.677.411)
Depreciation (-)	(16.053.858)	(14.487.573)
Cost of Other Sales (-)	(148.966)	(209.730)
Cost of Sales (-)	(4.087.319.165)	(2.774.849.127)

Production Quantities	Amount	January 1, 2017	January 1, 2016
		December 31, 2017	December 31, 2016
Copper Wire	Tone	174.286	170.396
Copper Pipe, Bars, Bronze, etc.	Tone	17.406	15.141
Copper Bar, Plate	Tone	330	309
Steel, Reel Dimensions	Units	4.911	6.648
Machine Manufacturing	Units	40	30
CTC Wire	Tone	2.193	2.193
Enamel copper wire	Tone	9.114	8.775

Sales Quantities	Amount	January 1, 2017	January 1, 2016
		December 31, 2017	December 31, 2016
Copper Wire	Tone	177.419	180.045
Copper Pipe, Bars, Bronze, etc.	Tone	17.214	14.757
Copper Bar, Plate	Tone	330	259
Steel, Reel Dimensions	Units	4.911	6.648
Machine Manufacturing	Units	40	30
CTC Wire	Tone	2.131	2.198
Enamel copper wire	Tone	8.725	8.814

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NOTE 29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATION EXPENSES

The Operation Expenses of the Group for the periods ended are as follows:

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Marketing, Sales & Distribution Expenses (-)	(18.400.494)	(16.860.199)
General Administration Expenses (-)	(48.986.004)	(36.958.774)
Research and Development Expenses (-)	(1.940.285)	(536.558)
Total Operation Expenses	(69.326.783)	(54.355.531)

NOTE 30 EXPENSES RELATED TO THEIR NATURE

Group's Expenses Related to Their Nature for the periods ended are as follows :

Marketing, Sales & Distribution Expenses	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Personnel Expenses	(6.391.528)	(6.315.179)
Market Research Expenses	(1.905)	(17.353)
Termination Indemnity Expense	(415.606)	(203.490)
Communication Expenses	(148.478)	(187.721)
Transportation Expenses	(5.813.010)	(4.956.529)
Advertisement Expenses	(709.919)	(970.864)
Insurance Expenses	(504.369)	(271.088)
Taxes, Duties and Charges Expenses	(76.721)	(131.333)
Depreciation Expenses	(43.123)	(45.624)
Vehicle Expenses	(106.833)	(75.162)
Representation Expenses	(20.270)	(42.785)
Rent Expenses	(157.053)	(151.386)
Other	(4.011.679)	(3.491.685)
Total	(18.400.494)	(16.860.199)

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	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
General Administration Expenses		
Personnel Expenses	(22.972.394)	(20.509.867)
Communication Expenses	(490.498)	(430.807)
Representation Expenses	(193.852)	(172.700)
Insurance Expenses	(3.453.322)	(750.471)
Consultancy Expenses	(733.683)	(1.010.138)
Building Maintenance and Repair Expenses	(760.991)	(564.183)
Termination Indemnity Expenses	(2.493.301)	(489.831)
Taxes, Duties and Charges Expenses	(2.258.867)	(1.515.410)
Advertisement Expenses	(15.755)	(36.238)
Depreciation Expenses	(7.792.230)	(5.527.184)
Büro Giderleri	(211.534)	(104.148)
Travel Expenses	(87.884)	(56.495)
Vehicle Expenses	(168.791)	(250.923)
Rent Expenses	(441.902)	(351.785)
Personnel Expenses	(6.911.000)	(5.188.594)
Total	(48.986.004)	(36.958.774)

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Research & Development Expenses		
Personnel Expenses	(1.506.958)	(459.200)
Outsourced Benefits and Services	(31.463)	(8.573)
Depreciation Expenses	(3.239)	(2.979)
Termination Indemnity Expenses	(127.851)	(54.379)
Other	(270.774)	(11.427)
Total	(1.940.285)	(536.558)

R&D expenses in the current period are TL 1,940,285. (January 1, 2016 – December 31, 2016: TL 1,452,890) and there are no R&D expenses that are capitalized in the current period (January 1, 2016 – December 31, 2016: TL 916,322).

The distribution of depreciation expenses that are stated in the statement of profit or loss are as follows;

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Cost of Sales	(16.053.858)	(14.487.573)
Marketing, Sales and Distribution Expenses	(43.123)	(45.624)
General Administration Expenses	(7.792.230)	(5.527.184)
Research and Development Expenses	(3.239)	(2.979)
Inventories	(94.654)	(34.853)
Total	(23.987.104)	(20.098.213)

The distribution of the personnel expenses that are stated in the statement of profit or loss are as follows;

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Cost of Sales	(91.875.516)	(77.607.021)
Marketing, Sales and Distribution Expenses	(6.391.528)	(6.315.179)
General Administration Expenses	(22.972.394)	(20.509.867)
Research and Development Expenses	(1.506.958)	(459.200)
Total	(122.746.396)	(104.891.267)

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NOTE 31 OTHER OPERATING INCOME / EXPENSE

Group's Other Operating Income / Expense for the periods ended are as follows:

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Other Income	123.710.149	122.861.293
Provisions for Doubtful Receivables Released	1.483.067	205.985
Income from Law Suit Released	166.986	39.710
Provisions For Allowance For Decrease In Value Of Inventories Released	-	6.932.262
Severance Indemnity Income Released	289.691	18.166
Rent Income	741.589	626.245
Insurance Indemnity Revenue Income	-	437.385
Interest and Rediscount Income	13.863.961	21.765.014
Foreign Exchange Gain	105.965.879	90.914.823
Other	1.198.976	1.921.703
Other Expenses (-)	(152.874.320)	(84.479.995)
Provisions for Doubtful Receivables Expenses	(6.796.207)	(17.492.999)
Provision for Law Suits	(266.730)	(16.855)
Idle Capacity Expenses	(696.317)	(531.950)
Commission Expenses	-	(170.245)
Interest and Rediscount Expense	(20.026.329)	(8.069.433)
Foreign Exchange Loss	(124.621.064)	(57.297.786)
Other	(467.673)	(900.727)
Other Income / Expense (Net)	(29.164.171)	38.381.298

NOTE 32 INCOMES / EXPENSE FROM INVESTMENT ACITIVITIES

Group's Income / Expense from Investment Activities for the periods ended are as follow:

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Income from Investment Activities	28.194.347	12.480.000
- Gain on Sale of Fixed Assets	954.973	-
- Investment Property Value Increase (Not, 17)	27.239.374	12.480.000
Expense from Investment Activities (-)	-	-
Portion of Profit / (Loss) of Investments Evaluated According to Equity Method (Note: 16)	2.372.197	(6.494.232)
Income / Expense from Investment Activities (Net)	30.566.544	5.985.768

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NOTE 33 FINANCIAL INCOMES / EXPENSE

Group's Financial Income for the periods ended are as follows :

Financial Income	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Interest Income	5.084.621	1.938.762
Foreign Exchange Gain	279.716.634	56.697.680
Total	284.801.255	58.636.441

Group's Financial Expenses for the periods ended are as follows :

Financial Expense	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Interest Expenses	(49.799.132)	(35.920.240)
Foreign Exchange Expenses	(264.852.929)	(80.846.284)
Commission Expenses	(7.616.022)	(9.147.348)
Toplam	(322.268.083)	(125.913.872)

NOTE 34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

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NOTE 35 TAX ASSETS AND LIABILITIES

The Group's tax income / (expense) are composed of current period's corporate tax expense and deferred tax income / (expense).

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Current Corporate Tax Provision (-)	(22.354.160)	(7.398.082)
Deferred Tax Income / (Expense)	(3.801.395)	(797.309)
Total Tax Income / (Expense)	(26.155.555)	(8.195.391)

35.1 Provision for Current Period Tax

The Group and subsidiaries are subject to Corporate Tax in Turkey. The necessary tax liability provisions have been made for the estimated Group's operation results for the current period.

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Provision for Taxes	22.354.160	7.398.082
Prepaid Taxes ^(*)	(18.707.208)	(6.529.658)
Total Current Tax Liability	3.646.952	868.424

(*) Returnable prepaid tax amounting to TL 521.598 which disclosed as Current Assets under Current Income Tax Assets for period ended. (December 31, 2016: TL 1.296.778)

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate income as of the temporary tax periods, temporary tax rate of 20 % over the corporate income was calculated and prepaid taxes deducted from taxation on income.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset previous years' profits.

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns. There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

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Effective Corporate Tax Rate:

The Corporate Tax rate in Turkey is 20%. However, pursuant to Article 91 of Law 7061 Amending Certain Tax Laws and Other Laws, which came into force when published in the Official Journal dated December 5, 2017 and numbered 30261 and Provisional Article 10 added to Corporate Tax Law 5520, the corporate tax rate will be 22% in 2018, 2019, and 2020 taxation periods for corporate earnings (enterprises that have a special financial period, shall be responsible for the same rate in their respective financial periods starting in the relevant years). This change shall apply to taxation of periods starting on January 1, 2018.

Losses can be carried forward for maximum 5 years in order to be deducted from taxable income in the coming years. However, incurred losses cannot be retrospectively deducted from previous year income.

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

35.2 Deferred Tax

The deferred tax asset and tax liability is based on the temporary differences, which arise between the financial statements prepared according to POA's accounting standards and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the POA's standards and tax purposes are as follows.

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

Account Name	December 31, 2017 Accumulated Permanent Differences	December 31, 2016 Accumulated Permanent Differences	December 31, 2017 Deferred Tax Receivable / (Payable)	December 31, 2016 Deferred Tax Receivable / (Payable)
Fixed Assets	30.451.374	18.510.500	(3.778.728)	(1.438.593)
Investment Property Valuation Differences (Statement of profit or loss)	63.310.597	47.282.611	(6.331.060)	(2.364.131)
Foreign Subsidiary Tax Assets	6.507.750	-	2.246.305	-
Wage provision	8.643.628	-	1.901.598	-
Rediscount Expense	1.786.493	952.794	393.029	190.558
Provision for Termination Indemnity	32.833.406	26.915.649	6.566.857	5.383.130
Provision for Doubtful Receivables	3.885.810	17.409.467	854.878	3.481.893
Provision for Law Suits	602.350	502.606	132.517	100.521
Provision for Effective Interest Expense	460.367	77.411	101.281	15.482
Net Expenses/Income from Derivative Transactions	241.893	2.120.131	53.216	424.026
Provision for Unused Authorization	2.276.377	1.692.935	500.803	338.587
Other	551.793	1.246.311	(107.507)	166.702
Deferred Tax Assets / Liabilities^(*)			2.533.189	6.298.175

(*) Net effect of the deferred tax assets and liabilities in the balance sheets of the Group are shown.

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	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Balance at the beginning of the period	6.298.175	6.696.294
Equity Offsetting of Employee Termination Benefits Actuarial Gain/Loss	36.408	394.961
Equity Offsetting of Investment Property Appreciation Fund	-	-
Deferred Tax Income / (Expense)	(3.801.394)	(793.080)
Balance at the end of the period	2.533.189	6.298.175

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Deferred Tax Movement Table		
Deferred Tax Asset	3.297.140	7.862.411
Deferred Tax Liability	(763.950)	(1.564.236)
Deferred Tax Net Effect End of The Period	2.533.189	6.298.175

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. The companies' deferred tax assets and liabilities were not netted off and disclosed separately as reflected in the consolidated financial statements. Deferred assets and liabilities which are indicated above are calculated basis on gross value that indicated position of net deferred tax.

The Group has no carried losses which were not taken into consideration during calculation of deferred tax assets for the periods ended.

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Reconciliation of Tax Provision		
Profits obtained from continuing operations	114.357.517	38.480.674
Income tax rate %20	(22.871.503)	(7.696.133)
Tax effect:		
- Non-taxable Income	8.196.405	2.949.852
- Gayrimenkul İstisna Oran. Değişimi	(3.041.290)	-
- Non-Deductible Expenses	(8.439.167)	(3.449.110)
Deferred Tax Income / (Expense)	(26.155.555)	(8.195.391)

NOTE 36 EARNINGS PER SHARE

Earnings per share in the statement of profit or loss are calculated by dividing net income by the weighted average number of common shares outstanding for the period:.

Account Name	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Net Profit for The Period / (Loss)	87.888.922	30.254.361
Weighted Number of Shares	20.000.000.000	20.000.000.000
Earnings per Share	0,00439	0,00151

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NOTE 37 EXPLANATIONS OF RELATED PARTIES**37.1 Balances of Related Parties**

December 31, 2017	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Demisaş	1.280.931	-	-	-
Total	1.280.931	-	-	-

December 31, 2016	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Demisaş	909.458	-	-	-
Total	909.458	-	-	-

There is not any guarantee taken from Group companies.

37.2 Details of the Purchases and Sales of Related Parties**December 31, 2017**

Related Parties	Good and Service Sales	Rent Income	F/X Interest Income	Other Sales	Total
Demisaş	8.263.359	153.660	1.252.758	106.430	9.776.207
Total	8.263.359	153.660	1.252.758	106.430	9.776.207

Related Parties	Purchase of Goods and Services	Rent Expense	F/X Interest Expense	Other Purchases	Total
Demisaş	-	-	860.677	14.442	875.119
Total	-	-	860.677	14.442	875.119

December 31, 2016

Related Parties	Good and Service Sales	Rent Income	F/X Interest Income	Other Sales	Total
Demisaş	4.900.716	144.000	170.509	124.779	5.340.004
Total	4.900.716	144.000	170.509	124.779	5.340.004

Related Parties	Purchase of Goods and Services	Rent Expense	F/X Interest Expense	Other Purchases	Total
Demisaş	-	-	34.725	249	39.974
Total	-	-	34.725	249	34.974

37.3 Benefits and Services Provided for Senior Management:

Benefits and services provided for senior executives as of December 31, 2017 are TL 8.958.656 (December 31, 2016: TL 8.397.081)

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NOTE 38 THE CHARACTERISTICS AND LEVEL OF RISKS EXISTING FROM FINANCIAL INSTRUMENTS

38.1 Capital Risk Management

The Group is planning to secure the business continuity and on the other hand planning to increase the profitability by using the balance of liabilities and share capital efficiently.

The Group's capital structure is consist of payables including the credits remarked in Note 8, cash and cash equivalents in Note 6, shareholders' equity including issued capital, capital reserves, profit reserves and previous years' profit remarked in Note 27.

The risks related to cost of capital and all categories of capital are evaluated by senior executives. By these evaluations of senior executives, structure of capital is planning to be balanced by dividend payments and issuing new shares as much as new credits or time extension of existent credits.

The group is monitoring capital by liabilities / share capital rate.This rate is calculated by dividing net liabilities to share capital. Net liabilities is calculated by subtracting cash and cash equivalents from total liabilities (stated in balancesheet like credits, financial leasings and trade payables). Total share capital, as stated in balancesheet, is calculated by the sum of owners' equity and net liabilities.

The Group's general strategy which depends on borrowings was not changed according to previous periods.

The Group risk policy mainly focuses on unpredictability and volatility of financial markets and intends to minimize the probable negative effects through the policies applied.

Important Accounting Policies

The Group's important accounting policies relating to financial instruments are presented in the Note 2.

Risks Exposed

Market risks seen at the level of Group are measured according to the sensitivity analysis principle. Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks was not changed according to previous year.

Foreign Currency Risk Management

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies. Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.Main principle of this risk management,minimization of currency fluctuation and currency assets and liabilities are balanced basis of exchange rate, in other words, protecting currency position as level of near zero. Methods in statement of financial position are generally preferred to currency risk management.By the way, hedging is made with using derivate financial instrument against parity difference risk.

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Foreign Exchange Rate Sensitivity Analysis Table				
December 31, 2017				
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset / Liability	(5.921.318)	5.921.318	(5.921.318)	5.921.318
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(5.921.318)	5.921.318	(5.921.318)	5.921.318
In the event of 10% value change of Euro against TL				
4- Euro Net Asset / Liability	8.662.216	(8.662.216)	8.662.216	(8.662.216)
5- The part, hedged from Euro Risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	8.662.216	(8.662.216)	8.662.216	(8.662.216)
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset / Liability	97.268	(97.268)	97.268	(97.268)
8- The part, hedged from GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	97.268	(97.268)	97.268	(97.268)
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
12- Other Net Effect (10+11)	-	-	-	-
TOPLAM	2.838.166	(2.838.166)	2.838.166	(2.838.166)

Foreign Exchange Rate Sensitivity Analysis Table				
December 31, 2016				
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset / Liability	(14.892.840)	14.892.840	(14.892.840)	14.892.840
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(14.892.840)	14.892.840	(14.892.840)	14.892.840
In the event of 10% value change of Euro against TL				
4- Euro Net Asset / Liability	17.444.353	(17.444.353)	17.444.353	(17.444.353)
5- The part, hedged from Euro Risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	17.444.353	(17.444.353)	17.444.353	(17.444.353)
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset / Liability	951.123	(951.123)	951.123	(951.123)
8- The part, hedged from GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	951.123	(951.123)	951.123	(951.123)
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
12- Other Net Effect (10+11)	-	-	-	-
TOTAL	3.502.636	(3.502.636)	3.502.636	(3.502.636)

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

Currency Position Table

	December 31, 2017				
	TL	USD	Avro	GBP	Other
1. Trade Receivables	570.927.438	71.637.832	55.640.659	9.737.871	-
2a. Monetary Financial Assets	26.318.098	2.245.069	3.932.859	17.931	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	388.451	76.644	22.002	2	-
4. Current Assets Total (1+2+3)	597.633.986	73.959.545	59.595.520	9.755.804	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	1.944	-	431	-	-
6b. Non-Monetary Financial Assets	15.412.497	750.000	2.786.750	-	-
7. Other	54.638	-	12.100	-	-
8.Fixed Assets Total(5+6+7)	15.469.079	750.000	2.799.281	-	-
9. Total Assets (4+8)	613.103.065	74.709.545	62.394.801	-	-
10. Trade Payables	79.748.485	21.129.117	(196)	10.326	-
11. Financial Liabilities	308.982.224	50.091.860	15.895.889	9.500.000	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	2.832.851	449.442	191.159	54.017	-
13. Total Short Term Liabilities (10+11+12)	391.563.560	71.670.418	16.086.851	9.564.343	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	195.881.839	18.907.857	27.585.714	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
17. Total Long Term Liabilities (14+15+16)	195.881.839	18.907.857	27.585.714	-	-
18. Total Liabilities (13+17)	587.445.399	90.578.276	43.672.565	9.564.343	-
19. Net Asset/ (Liability) Position of Derivative Instruments	2.723.990	170.228	461.058	-	-
off the Statement of financial position (19a-19b)	95.226.887	10.579.393	12.251.683	-	-
19a. Total Amount of Hedged Assets	92.502.897	10.409.165	11.790.625	-	-
19b. Total Amount of Hedged Liabilities	28.381.656	((15.698.503))	19.183.293	191.461	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	25.657.666	(15.868.731)	18.722.235	191.461	-
21. Monetary Items- Net Foreign Currency Asset/ Liability position	-	-	-	-	-
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Assets	-	-	-	-	-
24. The Amount of Hedged part of Foreign Exchange Liabilities	4.811.733.739	270.112.239	256.612.676	60.875.679	-
25. Export	7.168.982.957	953.178.370	11.161.558	13.197	-

December 31, 2016					
	TL	USD	Avro	GBP	Other
	354.880.817	23.927.285	65.076.788	6.771.988	-
	23.763.062	5.764.551	897.165	34.282	-
	-	-	-	-	-
	10.451.303	1.146.996	1.732.035	(2.520)	-
	389.095.182	30.838.831	67.705.989	6.803.751	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	389.095.182	30.838.831	67.705.989	6.803.751	-
	67.724.664	18.690.834	503.265	18.712	-
	217.527.305	42.994.203	12.515.010	4.582.804	-
	-	-	-	-	-
	-	-	-	-	-
	285.251.969	61.685.037	13.018.275	4.601.516	-
	-	-	-	-	-
	68.816.850	11.472.616	7.666.627	-	-
	-	-	-	-	-
	-	-	-	-	-
	68.816.850	11.472.616	7.666.627	-	-
	354.068.819	73.157.653	20.684.902	4.601.516	-
	10.076.541	995.925	1.438.240	2.520	-
	29.058.180	4.298.104	4.264.088	-	-
	18.981.639	3.302.179	2.825.849	2.520	-
	45.102.905	(41.322.897)	48.459.326	2.199.577	-
	35.026.364	(42.318.822)	47.021.086	2.202.097	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	1.430.223.498	215.733.617	189.901.548	35.754.672	-
	2.010.246.094	654.456.647	8.448.682	12.272	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

Interest Rate Risk

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed with in terms of amount and maturity between interest rate sensitive assets and liabilities.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial.

	December 31, 2017	December 31, 2016
Fixed Interest Financial Instruments		
Financial Assets	19.674.261	14.596.630
Financial Liabilities	(333.344.705)	(474.103.896)
Variable Interest Financial Instruments		
Financial Assets	-	-
Financial Liabilities	(533.012.941)	(99.371.839)

All financial liabilities are less than 1 year term loans. Group's portion of bank deposits is made use of time deposits. Time deposits and loans are fixed interest financial instruments; otherwise, their short term structure is sensitive to interest differences. Probable interest rate increase affects to the Group's net interest income-expense. This affect is measured by Sensitivity Analysis. If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2017 , loss before tax and non controlling interests will be less with the amount of TL 8.466.834.(December 31, 2016:TL 5.558.791)

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2017 , loss before tax will be less with the amount of TL 3.136.704. (December 31,2016: TL 4.595.073)

Credit Risk Management

Possessing financial instruments has the risk of other party's in execution of liabilities resulting from agreement. Group's payment collection risk mostly arises from trade receivables. Trade receivables must be assessed in accordance with corporate policies and procedures for making net value of trade receivables after provision of doubtful receivables are classified. (Note: 10)

Group's credit risk is determined in the scope of determination of customer limits and is reported by limit determination committee which is composed of Group's senior management.In determined procedure respect,is confirmed by controlling and analyzing.

Related to Receivables risk, domestic and foreign receivable insurance policies are available to compensate the risk losses which is substantiate.

Additively Global policies, other guarentee methods (Mortgages,Letter of Guarantee,DBS etc.) are applied for minimizing the receivable risk.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables				Notes	Bank	
	Trade Receivables		Other Receivables			Deposits	Notes
December 31, 2017	Related	Other	Related	Other			
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	1.280.931	572.616.591	-	62.480.792		52.028.088	
- The part of maximum risk secured by guarantee etc.	-	320.382.313	-	-	22	-	22
A. Net book value of financial assets which are undue or which did not decline in value	1.280.931	572.616.591	-	62.480.792	10-11	52.028.088	6
B. Net book value of assets, overdue but did not decline in value.	-	-	-	-	-	-	6
- The part secured by guarantee etc.	-	-	-	-	10-11	-	6
C. Net book values of assets declined in value	-	-	-	-	-	-	6
- Overdue (gross book value)	-	36.793.207	-	3.600	-	-	6
- Decline in value (-)	-	(36.793.207)	-	(3.600)	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
D. Elements containing credit risk off the balance sheet	-	-	-	-	-	-	

CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables				Notes	Bank	
	Trade Receivables		Other Receivables			Deposits	Notes
December 31, 2016	Related	Other	Related	Other			
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	909.458	354.122.338	-	45.650.875		26.498.333	
- The part of maximum risk secured by guarantee etc.	-	141.611.521	-	-	22	-	22
A. Net book value of financial assets which are undue or which did not decline in value	909.458	354.122.338	-	45.650.875	10-11	26.498.333	6
B. Net book value of assets, overdue but did not decline in value.	-	-	-	-	-	-	6
- The part secured by guarantee etc.	-	-	-	-	10-11	-	6
C. Net book values of assets declined in value	-	-	-	-	-	-	6
- Overdue (gross book value)	-	31.483.666	-	-	-	-	6
- Decline in value (-)	-	(31.483.666)	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
D. Elements containing credit risk off the balance sheet	-	-	-	-	-	-	

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Amounts are stated in ("TL") unless otherwise stated)

Liquidity Risk Management

Group manages liquidity risk by matching maturities of assets and liabilities with regular control of cash flows and providing permanence in adequate funds and reserves.

Liquidity Risk Statements

Liquidity risk management involves having adequate cash, and power of offsetting fund resources with adequate loan.

The risk of failure in settling financial liabilities is eliminated by managing the balance sheet and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch and in order to maintain short term liquidity, net working capital objectives are set and Group's balance sheet ratios (such as current ratio and acid test ratio) are aimed to be kept at particular levels.

Risk of funding current and future possible loan requirements should be managed by providing permanent access to adequate and quality loan providers.

Following statement indicates maturity allocation of Group's derivative and non-derivative financial liabilities.

December 31, 2017

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 More than	
					Years	5 Years
Non-derivative Financial Liabilities	1.002.378.587	1.044.851.758	396.004.215	516.879.703	131.967.842	-
Loans	860.560.827	901.904.515	259.108.090	515.806.106	126.990.321	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	5.787.374	6.407.563	356.445	1.073.597	4.977.521	-
Trade Payables	115.229.624	115.738.918	115.738.918	-	-	-
Other Payables	20.800.762	20.800.762	20.800.762	-	-	-
- Other	20.800.762	20.800.762	20.800.762	-	-	-
Derivative Financial Instruments	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Cash Flow	133.279.644	133.279.644	113.614.791	19.664.853	-	-
Derivative Cash Outflow	(130.797.546)	(130.797.546)	(111.225.860)	(19.571.686)	-	-
Net Derivative Financial Instruments	2.482.098	2.482.098	2.388.931	93.167	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2016

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 More than	
					Years	5 Years
Non-derivative Financial Liabilities	688.270.638	765.193.381	335.884.568	274.968.104	154.340.709	-
Loans	573.307.385	650.038.824	220.879.599	274.916.160	154.243.065	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	153.553	166.903	17.315	51.944	97.644	-
Trade Payables	105.938.205	106.116.159	106.116.159	-	-	-
Other Payables	8.871.495	8.871.495	8.871.495	-	-	-
- Other	8.871.495	8.871.495	8.871.495	-	-	-
Derivative Financial Instruments	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 More than Years	5 Years
Derivative Cash Flow	62.678.311	62.678.311	48.297.393	14.380.918	-	-
Derivative Cash Outflow	(60.265.028)	(60.265.028)	(46.819.143)	(13.445.885)	-	-
Net Derivative Financial Instruments	2.413.283	2.413.283	1.478.250	935.033	-	-

Other Risks

Raw Materials Price Change Risk

A significant portion of Group's cost is copper price, its price is variable and determined by world's markets. Group's aim to balance to price and maturity models to harmony for the goods which are purchased and sold in order to hedging price change risks. Long term customers price fixing demands apart from these models are managed by hedging transactions.

Not only copper hedging transactions but also stannum, nickel and aluminium and other metals which are faced to price change risk in costs hedging transactions are made.

Stocks, etc. Related to Financial Instruments Risks

None.

Operational Risks

Operational risks are evaluated beginning of raw material procurement, production, selling and after sale as all inclusive. In order to Group's achieve the short and long term aims which consist of strategic, operational, financial and other factors are evaluated from stage of board to every stage of organization.

In this context, Risk Management Committee is maintain its operations to determine, evaluate, manage and report strategic, financial, operational risks etc., which are affect the group taking into consideration the decision mechanism in order to advising and making suggestion to board.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)

	Notes	Other Financial Assets Carried At Amortized Cost	Loans and Receivables	Financial Assets Ready for Sale
31.12.2017				
Financial Assets		54.805.575	573.897.522	-
Cash And Cash Equivalents	6	52.081.584	-	-
Trade Receivables	10	-	573.897.522	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	2.723.991	-	-
		-	-	-
Financial Liabilities		866.599.539	115.221.872	-
Financial Liabilities	8	866.357.646	-	-
Trade Payables	10	-	115.221.872	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	241.893	-	-
		-	-	-
31.12.2016				
Financial Assets		28.933.619	355.031.796	-
Cash And Cash Equivalents	6	26.520.336	-	-
Trade Receivables	10	-	355.031.796	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	2.413.283	-	-
		-	-	-
Financial Liabilities		3.021.457	105.938.205	-
Financial Liabilities	8	-	-	-
Trade Payables	10	-	105.938.205	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	3.021.457	-	-
		-	-	-

Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement	Other Financial Liabilities Represented At Amortized Value	Book Value	Fair Value
-	-	628.703.097	628.703.097
-	-	52.081.584	52.081.584
-	-	573.897.522	573.897.522
-	-	-	-
-	-	2.723.991	2.723.991
-	-	-	-
-	-	981.821.411	981.821.411
-	-	866.357.646	866.357.646
-	-	115.221.872	115.221.872
-	-	-	-
-	-	241.893	241.893
-	-	383.965.415	383.965.415
-	-	26.520.336	26.520.336
-	-	355.031.796	355.031.796
-	-	-	-
-	-	2.413.283	2.413.283
-	573.307.385	682.267.047	682.267.047
-	573.307.385	573.307.385	573.307.385
-	-	105.938.205	105.938.205
-	-	-	-
-	-	3.021.457	3.021.457

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2017

(Amounts are stated in ("TL") unless otherwise stated)

Group claims that book values of financial instruments reflect fair values.

Objectives of Financial Risk Management

Group's department of Finance is responsible for adequate access to financial market and managing financial risks arises from operational activities of Group. Financial risks of operation contain market risk (currency rate risk, fair value of interest risk and price risk), loan risk, liquidity risk and cash flow interest rate risk.

In order to decrease the effect of risk and avoiding financial risk, Group uses forward foreign currency transaction agreements as a financial instrument. The group has option transactions in order to reduce the foreign currency risk and to finalize these risks that can occur in market.

31.12.2017	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
<i>Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement</i>	-	-	-	-
<i>Financial Assets Ready For Sale</i>	-	-	24.558	24.558
Derivative Instruments	-	2.482.098	-	2.482.098
<i>Other financial Assets /Liabilities carried at amortized cost (Net)</i>	-	2.482.098	-	2.482.098

The fair value of financial assets and liabilities is determined as follows:

Level 1 : Financial assets and liabilities which are identical are valued at quoted market prices on the active market.

Level 2: Financial assets and liabilities are valued at the inputs used to find the price that can be observed directly or indirectly in the market other than the quoted price in the first category of the liability.

Level 3: Financial assets and liabilities are valued by using inputs that are not dependent upon observable inputs in the market for the fair value of the asset or liability.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31,2017**

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 40 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

Collective agreement negotiations made between the Turkey Metal Industrialists Union (MESS), where the Group is a member, and United Metal Workers Union were concluded on January 30, 2018 and an agreement was reached. Accordingly;

The hourly fees were determined as TL 9 for the first six months, and fees were increased TL 1,60/hour on an equal basis, and for each full year of tenure at the workplace TL 0.10/hour is added to the hourly fees up to TL 1.50/hour (15-year limit). It was decided to make an increase at the rate of Consumer Prices Index in the 2nd, 3rd, and 4th six-month of the Agreement.

Social benefits were increased 23% for one year, and it was decided to increase the benefits at the rate of Consumer Prices Index in the second year.

An agreement has been reached on providing Complementary Health Insurance.

The starting date of the Agreement is September 1, 2017 and it will expire on August 31, 2019.

NOTE 41 OTHER ISSUES

None.

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