



**the power that gives  
life to copper...**

# ORDINARY GENERAL

## ASSEMBLY MEETING AGENDA

**Date :** April 7 2017 **Time :** 14:30

**Place :** Company Headquarters – Emek Mahallesi Aşıroğlu  
Caddesi No: 147 41700 Darıca/Kocaeli

1. Opening words and forming the Meeting Chairmanship,
2. Assigning authority to the Meeting Chairman to sign the Minutes of the General Assembly Meeting and the attendance list,
3. Reading and discussing the 2016 Activity Report prepared by the Board of Directors,
4. Reading of the 2016 Independent Audit Report,
5. Reading discussion and approval of the 2016 term consolidated financial tables,
6. Release of our Board of Director Members from our company's 2016 term activities,
7. Discussing and deciding on how the 2016 term profits are to be used, whether profits are to be distributed, the proportions of earnings and the distribution date,
8. Providing information to the shareholders on the collateral, liens and mortgages given by our company against 3rd parties,
9. Increasing our capital ceiling which is on record in our Company articles of association article 6 titles "Capital" to 300,000,000.- TL and reading, discussing and deciding on the amendment of Article 6 of the articles of association for the new term in accordance with the permits to be obtained from the T.R. Ministry of Customs and Trade, (See Page 144)
10. Providing information to the shareholders on the donations and aid given in 2016 for social assistance and deciding on an upper limit for the donations and assistance to be given in 2017 in accordance with the Capital Market Board regulations,
11. Providing information to the shareholders concerning the principles of remuneration of the Board of Directors Members and the Senior Level Administration in accordance with the Capital Markets Board regulations
12. Approval of the Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş., which was chosen for a term of one year by the Company to conduct independent audit in accordance with the Capital Market Law and Turkish Commercial Code.
13. Approval of Mr. Nurtekin Keçeci's Board Membership after having been appointed to replace and complete the term of Mr. Ahmet Tokcan, who had left the Board by resignation,
14. Electing Board of Directors Members and determining their terms of duty.
15. Determining the monthly gross wages and attendance fees for Board of Directors Members,
16. Election of 2 Board Members as Independent Board Members from among the Independent Board Members nominated by the Board of Directors per Capital Market Board regulations, determination of their duty term, their monthly wages and attendance fees,
17. Allowing Board of Director Members to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations
18. Requests and closing.

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## THE SARKUYSAN IDENTITY

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.  
Date of Establishment: 03.05.1972  
Registered Capital Ceiling: 200.000.000 TL  
Issued Capital: 125.000.000 TL  
Commercial Registry No: 13898  
Mersis No: 0751001576100014  
Commercial Registry Registered to: Gebze Commercial Registry  
Company Headquarters: Emek Mahallesi Aşıroğlu Caddesi No: 147  
41700 Darıca / KOCAELİ  
Telephone: (262) 676 66 0 (20 Lines)  
Fax: (262) 676 66 80 - (262) 676 66 81 - (262) 676 66 83  
E-mail: info@sarkuysan.com  
Web Site: www.sarkuysan.com







**OUR VISION**

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





## **OUR MISSION**

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

## OUR HISTORY

STARTING WITH A PRODUCTION CAPACITY OF 10,000 TONS/YEAR, OUR COMPANY, WHICH MANUFACTURES ELECTROLYTIC COPPER PRODUCTS, COPPER TUBES AND BUSBARS OVER AN INDOOR AREA OF APPROXIMATELY 90,000 HAS EXCEEDED 200,000 TONS/YEAR TODAY, MAKING THE COMPANY A GLOBAL PLAYER.



**CİHAN BEKTAŞ**

(1928-2002)

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

Our company has a significant place in the history of the country's industrialization as it is the first successful entirely public, aggregate corporation established. The company, which produces electrolytic copper products, copper tube and busbars over an area exceeding 175,000 m<sup>2</sup> in the Gebze and Darıca region, with an indoor area of approximately 90,000 m<sup>2</sup>, has increased its initial capacity of 10,000 tons/year to over 200,000 tons/year in order to reach global standards. The products are used as standard inputs in electro-technical, electronics, motor, communication, electricity generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemicals, construction, heating ventilation and sanitary installation sectors. Sarkuysan is certified with TS EN ISO 9001, ISO/TS 16949 Quality, ISO 14001 Environment, OHSAS 18001 Occupational

**SARBUYSAN WAS ESTABLISHED IN 1972 UNDER THE LEADERSHIP OF**

**GOLDSMITHS AND JEWELLERS IN KAPALIÇARŞI (THE GRAND BAZAAR),**

**AN IMPORTANT COMMERCIAL CENTRE. THE NAME OF THE COMPANY WAS**

**DERIVED FROM THE TURKISH COMBINATION OF THE FIRST THREE LETTERS**

**OF THE FOUNDER'S PROFESSIONS AS SARRAF (GOLDSMITH) KUYUMCU**

**(JEWELLER) AND SANATKAR (CRAFTSMAN).**

Health and Safety, and ISO 50001 Energy Management Systems certificates for all 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 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 and to the aircraft manufacturers lately.

Having approximately 850 employees in total, around 90% of the personnel working in the production units have either vocational school or high school degrees and they attend in-house and external training programs every year.

The Company manufactures a significant portion of its own machinery and plants used during the manufac-

turing 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, Sarkuysan also offers its 45 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 trade company and BEKTAŞ A.Ş. are the sister companies in the group. SARKUYSAN has a representative office in Italy and a sales and marketing company, SARK-USA, established in 2002 in the U.S.A., which are the two important countries for direct marketing purposes of its products as part of its busy export operations. Also, our company called SARK-WIRE, which started produc-



tion in its facilities located in Albany, New York as from the end of 2009, became a pioneering Turkish corporation. SARK-WIRE put into operation a second facility in Toccoa, Georgia, at the beginning of 2016. In addition, Sarkuysan's plants in the Aegean Free Trade Zone manufacture and export products with high added value.

Sarkuysan is a company which is aware of its social responsibilities and continuously develops social projects in all fields.

In this context, Frej Han, renovated and used as Company Headquarters for 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 sec-

tor 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 and Modern Dance Groups consisting of its employees, the company pays utmost attention to the environment by developing forestations and planting areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events.

At 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.



## CHAIRMAN'S MESSAGE

AS PART OF OUR STRATEGY TO REACH NEW MARKETS, A SIGNIFICANT INCREASE WAS ACHIEVED IN THE NUMBER OF CUSTOMERS. AS A RESULT, A 14% INCREASE WAS ACHIEVED IN TERMS OF TONNAGE IN OUR TOTAL SALES AND EXPORT FIGURES.

Welcome to our 45<sup>th</sup> Ordinary General Assembly. I greet you all with love and respect.

Before summarizing the general economic developments that formed the framework of our activities last year, I would like to point out that the 2016 was the 41<sup>st</sup> year of our production and add that in recognition of this number, which is a lucky number according to Turkish customs, I am pleased to say maşallah (praise be!) 41 times on behalf of everyone as an indication of our pride.

As you know, 2016 was a year in which many unforeseen developments occurred both in our country and on a global scale. The US Federal Reserve (FED) entered a period of increased interest rates and the expectations concerning this increased rates caused significant fluctuations in developing countries. "Brexit", which expresses Britain's intention to leave the EU, increased the uncertainties in the Euro region and brought up discussions of dissolving the union. The surprising results of the US presidential election and the new President Trump's focus on protectionism rather than the accustomed liberal approach towards global trade may not only have adverse effects on world trade but the deceleration in the Chinese economy brought about significant problems in 2016 which rolled over to the new year.

The adverse effects of the airplane crisis between Turkey and Russia, the 15th of July coup attempt, international ratings organizations reducing our points, intense terrorism incidents

and increasing geopolitical risks all had an impact on the economy and caused important economic indicators to turn out below expectations. Despite these factors, the annual growth rate was 2.1%. Inflation showed a tendency to reach the double digits. Despite the reflections of global issues and the extraordinary developments in our country, the decrease in the country's export rate was less than 1%. The data for the first two months of the New Year also indicate that a hopeful trend is prevailing.

The increase in our government's investment opportunities and supportive policies that are being implemented to avert low growth rates will no doubt result in good outcomes in the months ahead. The funding of our current deficit, which is the weakest point of our economy, with foreign capital may cause a bottleneck. However, despite all, Turkey's dynamic economic model and the stability of our financial institutions, especially our bank sector, would not create an economic crisis expectation.

Regardless of all these challenges, 2016 was a year in which our company achieved good results and broke some records. Important developments occurred in our domestic and foreign market shares. As part of our strategy to reach new markets, which we have been focusing on lately, we have achieved a significant increase in the number of our customers. As a result, a 14% increase in terms of tonnage was achieved in our total sales and export figures. It is also highly pleasing that the increase was mostly

achieved in our products with high added value. Considering the growth of the copper wire and cable market was around 1.8% in 2016, the meaning and value of Sarkuysan's success becomes more prominent.

As you all know, the installation works of our second factory located in Georgia, the U.S.A., was completed at the end of 2015 and the factory was put into operation at the beginning of 2016. Our investments in these two facilities in the U.S. proved to be very successful. Sark - Wire grows more and more every year and increases its market shares. With the experience and confidence, we gained through the success we achieved in such a giant high technology market like the U.S.A., we continue to endeavour realizing our project to establish a production facility in Bulgaria.

As in previous years the successful work of our company has been rewarded by a number of different organizations. In this context we have won "The Best Performance Award" from the Kocaeli Chamber of Industry, "The Best Supply Chain Project of the Year Award" from SAP and "The Company with the Most Export in the Sector Award" from the Mines and Metals Union (IMMIB) and the Istanbul Iron and Non-Iron Exports Chamber (IDDIMB). Also in the "Anatolian Tigers" evaluation of TEB and Ekonomist journals Sarkuysan ranked number five among the Anatolia's largest companies.

As a result, our company earned 38,480,664 TL in gross profits from its 2016 activities. The net period profit after taxes is 30,285,273 TL.



I would like to thank to my colleagues on the Board of Director and all of our employees for their devoted work during this operation 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 wishes for a productive General Assembly.



**Hayrettin ÇAYCI**  
Chairman



**HAYRETTİN ÇAYCI**

CHAIRMAN

**AS A RESULT, OUR COMPANY HAD A CONSOLIDATED**

**GROSS PROFIT OF 38,480,664. TL FROM ITS 2016 ACTIVITIES.**

**THE NET PROFIT FOR THE PERIOD IS 30,285,273 TL EXCLUDING**

**THE TAXES.**

## THE BOARD OF DIRECTORS

AS A RESULT OF THE ELECTION HELD IN OUR GENERAL ASSEMBLY FOR THE TWO INDEPENDENT BOARD MEMBERSHIPS IN ACCORDANCE WITH THE CAPITAL MARKET BOARD CORPORATE GOVERNANCE COMMUNIQUE, MR. ZİYA AKKURT AND MS. NURAY AKMERİÇ WERE ELECTED.







**NURTEKİN KEÇECİ(\*)**

BOARD MEMBER

LAST ELECTION DATE: 02.05.2016



**A. HAMDİ BEKTAŞ**

BOARD MEMBER

LAST ELECTION DATE: 28.03.2014



**HAMİT MÜCELLİT**

BOARD MEMBER

LAST ELECTION DATE: 28.03.2014



**CENAP TAŞKIN**

BOARD MEMBER

LAST ELECTION DATE: 28.03.2014



**TURGAY ŞOĞLU**

BOARD MEMBER

LAST ELECTION DATE: 28.03.2014



**MEHMET ALİ YILDIRIMTÜRK**

BOARD MEMBER

LAST ELECTION DATE: 28.03.2014



**ZİYA AKKURT**

INDEPENDENT BOARD MEMBER

LAST ELECTION DATE: 02.05.2016



**NURAY AKMERİÇ**

INDEPENDENT BOARD MEMBER

LAST ELECTION DATE: 02.05.2016

#### **AUTHORITIES**

**Board Members:** Were determined in accordance with the Turkish Commercial Code, the Capital Market Board Regulations and the Company Articles of Association.

**Independent Members:** Were determined in accordance with the Capital Market Board Regulations and the Company Articles of Association.

**Terms of Duty:** In accordance with the decision made in the Ordinary General Assembly meeting dated 28.03.2014 the term of duty for Board Members is 3 (three) years and in line with the decision made in the Ordinary General Assembly meeting dated 02.05.2016 term of duty for Independent Members is 1 (one) year.

(\*) Assigned by the Board of Directors to complete the term of Mr. Ahmet Tokcan who resigned from the Board.

## THE ADMINISTRATIVE STAFF

NAME - LAST NAME	DUTY
Sevgür ARSLANPAY	General Manager - Chemical Engineer
Ümit ULUÇAM	Deputy General Manager (Financial) - Business Administrator
Metin YARAŞ	Deputy General Manager (Commercial) - Public Administration
Tolga EDİZ	Deputy General Manager - Metallurgical Engineer, M. Sc.
Mehmet Ali AKOY	R&D Manager - Metallurgical and Materials Engineer, M. Sc.
Sabri ATILLA	Administration Manager - Business Administrator (Trainer)
Oğuz ERGÜNGÖR	Human Resources Manager - Economist
Dilek Mine GİNI	Import Purchase Manager - Business Administrator
Mehmet Uğur ILGAZ	End Production Manager - Metallurgical and Materials Engineer, M. Sc.
Faruk Şekip KARŞANBAŞ	Utility Services and Maintenance Manager - Electronics Engineer, M. Sc.
Meryem KAYA	Export Manager - Business Administrator
Levent Ş. KULAÇ	Procurement Manager - Metallurgical Engineer
Filiz TEKİN SALMANLI	Engineering, Production and Material Planning - Information Systems Manager - Industrial Engineer
S.Sinan SELVİ	Hot Operations Manager - Metallurgical Engineer
Yaşar SÖNMEZ	Construction Operations Manager - Construction Engineer
Nezih SÜRMEİ	Internal Sales Manager - Mechanical Engineer
Ferhan TURNAGİL	Cost Accounting Manager - Business Administrator (CPA)
Ercan USER	Domestic Marketing Manager - Business Administrator
İ. Deniz UZGAN	Finance and Risk Management Manager - Economist
Ömer Münci ÜNAL	Tube Plant Manager - Mechanical Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager - Business Administrator (CPA)
M.Mahir YILDIZ	Foreign Marketing Manager - Foreign Trade Expert (Mathematician)





**SEVGÜR ARSLANPAY**

GENERAL MANAGER

**OUR MISSION IS PROVIDING BENEFIT TO OUR COUNTRY,  
PARTNERS, CUSTOMERS AND EMPLOYEES BESIDES CREATING SOCIAL  
VALUE VIA OUR SOCIAL PROJECTS BY PRESERVING OUR NATIONAL  
AND INTERNATIONAL PRESTIGE WITH THE RESPONSIBILITY OF BEING  
AN EXEMPLARY COMPANY WHICH IS FULLY PUBLIC, AGGREGATE AND  
DOMINATED BY PROFESSIONAL.**

## THE CAPITAL STRUCTURE

IN THE "ANATOLIAN TIGERS" EVALUATION CONDUCTED

JOINTLY BY TEB AND THE ECONOMIST JOURNAL, SARKUYSAN

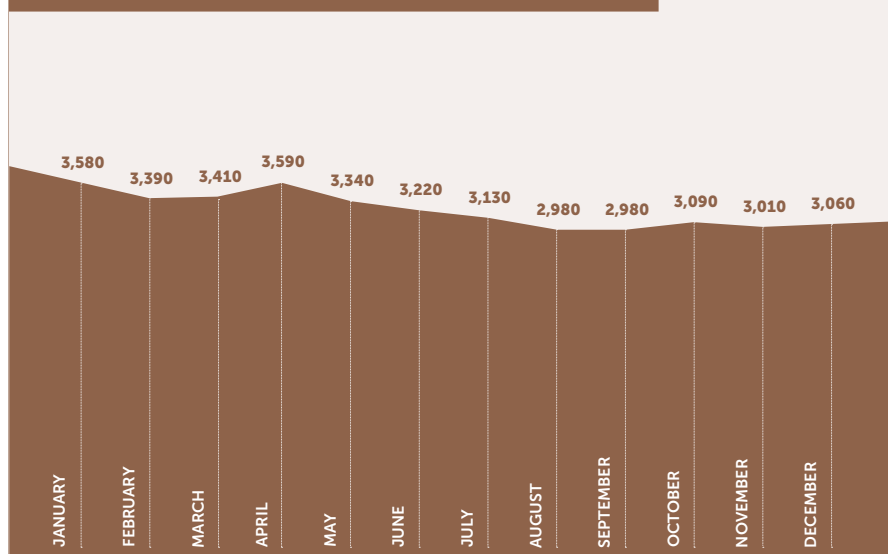
WAS RANKED FIFTH AMONGST THE LARGEST COMPANIES OF

ANATOLIA.

As of 31.12.2016 the closing price of our stock certificates on the Istanbul Stock Exchange was 3.06 TL. 100% of our capital is open to the public and the latest status of our capital structure is shown in the following table. As of 31.12.2016, Board Members Hayrettin ÇAYCI has 8.01% and A. Hamdi BEKTAŞ 2.20% of the shares in our capital. The shares of other Board Members of our company are less than these rates. Company partners Mehmet KİLİM-Cİ and Şükrü KİLİMCİ, who have the largest shares jointly comprise 18.68% of our capital. Whilst the share of our company in actual circulation was 82.52% on 02.01.2016, it was 82.22% on 31.12.2016.

### SARKUYSAN STOCK CERTIFICATES

#### 2016 PRICE ACTIONS IN THE STOCK EXCHANGE (TL)



Type of Stock Certificate	Paid Capital (TL)	Number of Shares	The Portion of Shares in The Capital %
Group A Registered Shares	6.25	625	0.000005
Group B Registered Shares	124,999,993.75	12,499,999.375	99.999995
Total	125.000.000,00	12.500.000.000	100.000000

#### RESULTS OF OUR 5 YEAR ACTIVITIES (THOUSAND TL)

	2012	2013	2014	2015	2016
Registered Capital	100,000	100,000	200,000	200,000	200,000
Issued Capital	50,000	100,000	100,000	100,000	125,000
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	95,732	120,732
Capital Increase (%)	100	-0	-	25	-
Stock Price (TL) (By Year-End)	2.63	2.97	3.10	3.30	3.06
Addition of Fixed Assets Over the Year	20,618	44,039	8,950	19,165	18,545
Total Amount of Dividends Distributed (gross)	4,118	17,647	20,000	14,118	18,750
Total Amount of Dividends Distributed (net)	3,500	15,000	17,000	12,000	15,937
Dividend Rate (gross) (%)	8.23	17.65	20	14.12	15
Dividend Rate (net) (%)	7	15	17	12	12.75



## GENERAL INFORMATION

IN THE 2016 TERM 15% GROSS AND 12.75% NET DIVIDENDS

OF THE 2015 PROFITS WERE DISTRIBUTED TO OUR PARTNERS.

IN THIS CASE NET 0.1275 TL CASH DIVIDEND WAS PAID TO SHARE

CERTIFICATES WITH A NOMINAL VALUE OF 1 TL.

Our report covers 01.01.2016 - 31.12.2016 period. During this period, important developments related with the company were made public in Public Disclosure Platform (PDP) and announced to investors through our website.

The Annual General Meeting of 2015 was held on 02.05.2016 at the Company Headquarters. In this meeting, shareholders representing 74.34% of the shares were presented, whereby board members were discharged for their activities and all of the agenda items were discussed and resolved.

As a result of the election held on 02.05.2016 in our General Assembly for the two independent board memberships in accordance with the Capital Market Board Corporate Governance Communique Ziya AKKURT and Nuray AKMERİÇ have been elected.

Electronic General Meeting provisions stated in Article 1527 of Turkish Commercial Code began implementing in 2013 and, besides attendees in the meeting room; the shareholders who fulfilled the required procedures in advance attended the General Assembly Meeting held on 02.05.2016 on line via the internet.

In the 2016 term, 15% gross and 12.75% net dividends of the 2015 profits were distributed to our partners. In this case the net 0.1275 TL cash dividend was paid to share certificates with a nominal value of 1 TL. The dividend was distributed on 22.06.2016.



It was decided in line with the Board decision 1488/16.25 dated 18.08.2016, the affiliated partnership Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş in which our participation in the capital is 99.975% within the provisions of article 134 and 158 of the Turkish Commercial Code (TCC) no 6102 and its other provisions; Corporate Tax Law (CTL) no 5520 articles 19 and 20, the Capital Markets Law articles 23 and 24 and its various provisions and the Capital Markets Board's (CMB) Mergers and Divisions Communique (II-23.2) "Joint Principles on Transactions of an Important Nature and the Right to Leave Communique (II-23.1) and other various provisions, all assets and liabilities be "taken over" as a whole by the company and be merged within the structure of the company and the required applications were made.

It was decided that the announcement prepared in the Capital Markets Board bulletin no. 2016/29 dated 03.11.2016 concerning the taking over by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. in simplified merger form of the Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş., in which it owns 99.975% of shares, in accordance with the Turkish Commercial Code no 6102 relevant articles and the II-23.2 "Mergers and Divisions Communique" will be accepted by the Capital Markets Board.

The merger procedure was completed on 22.12.2016 and registered in the Istanbul Commercial Registry Directorate and the Gebze Commercial Registry and the merger was concluded as of this date. Since the merger in question was a simplified merger our partners were not assigned with a right to leave.

## THE FINANCIAL POSITION

DESPITE THE ECONOMIC CHALLENGES IN 2016, OUR GROUP SUCCEEDED TO MAINTAIN ITS PROFITABILITY THANKS TO EFFICIENT AND PRODUCTIVE ASSET, LIABILITY, CASH AND RISK MANAGEMENT AND POLICIES BESIDES ITS INNOVATIVE PRODUCTION APPROACH.

KEY FINANCIAL INDICATORS (THOUSAND TL)	2015	2016	+/- Change %
Total Assets	965,575	1,107,858	15
Shareholder's Equity	363,595	378,035	4
Total Sales (Net)	2,726,637	2,890,596	6

### FINANCIAL RATIOS

LIQUIDITY RATIOS	2015	2016
Current Ratio (Current Assets/Short Term Liabilities)	1.36	1.37
Acid Test Ratio (Current Assets Inventory/Short Term Liabilities)	0.97	0.82

### EFFICIENCY RATIOS

Asset Turnover (Net Sales/Total Assets)	2.82	2.61
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	7.23	8.14
Inventory Turnover (Cost of Goods Sold/Inventories)	13.83	8.63
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate)	50	44
Days' Sales Inventory (360/Inventory Turnover)	26	42
Inventory Collection Period (Days)	76	86

### FINANCIAL LEVERAGE RATIOS

Total Liabilities/Total Equity	1.65	1.93
Total Equities/Assets	0.38	0.34
Total Liabilities/Total Assets	0.62	0.66
Short-Term Liabilities/Total Assets	0.50	0.52

### PROFITABILITY RATIOS

Return on Assets (Income Before Tax/Total Assets)	0.046	0.034
Return on Equity (Income Before Tax/Equity)	0.12	0.10
Profit Margin (Income Before Tax/Net Sales)	0.016	0.013

The Group preserved its financial position thanks to successful risk management and timely financial measures despite both the raw material prices prevailing on the international markets and economic conditions and currency fluctuations in 2016.. Considering our group's liquidity Ratios, it is apparent that our current

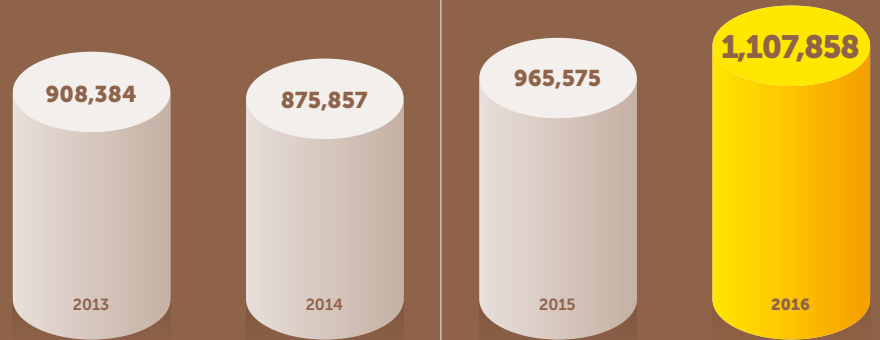
ratio improved and our acid test ratio was less than last year's figure due to LME, exchange rates, sales increase and differences in the inventory. When our Group's Operation ratios are examined, it is apparent that efficient use of assets and operation capital continues.

Financial Structure ratios show that our Group's financial structure is strong and at an ideal level. Despite the challenging conditions in 2016, our Group preserved the Profitability Ratios as a result of efficient and productive Asset, Liability, Operation Capital, Cash and Risk Management.

### TOTAL ASSETS (THOUSAND TL)

↑ 15%

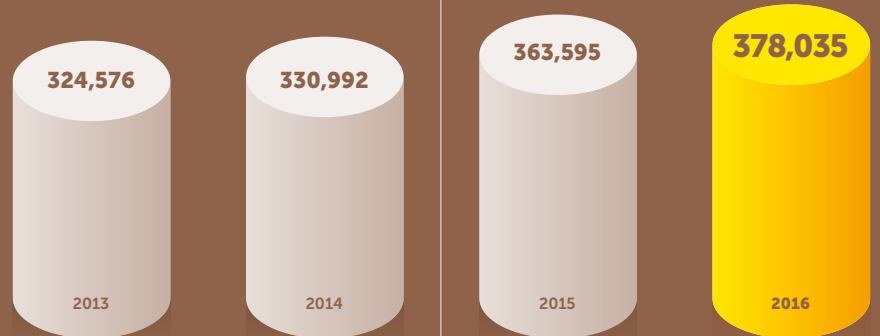
In 2016, our total assets reached 1,107,858,000 TL and increased by 15% when compared to previous year.



### SHAREHOLDER'S EQUITY (THOUSAND TL)

↑ 4%

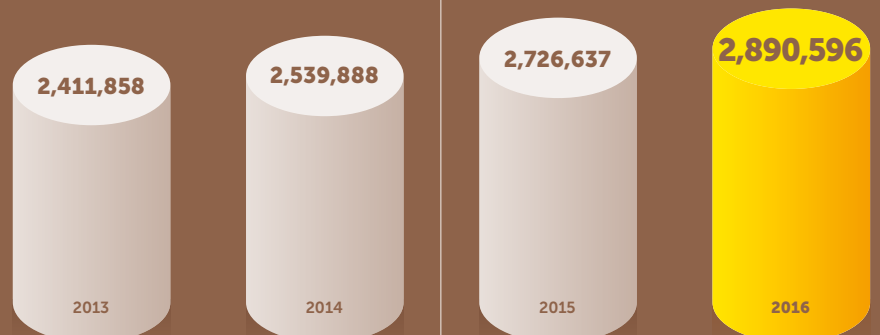
Our company's equity continued its upward graphic of the past five years and reached 378,035,000 TL with an increase of 4%.



### TOTAL SALES (THOUSAND TL)

↑ 6%

In 2016 when net sales reached a record increase of 14% by ton, the total sales value in TL reached 2,890,596,000 TL with a 6% increase.





## OUR SUBSIDIARIES AND AFFILIATES

THE HIGH-VALUE ELECTROLYTIC COPPER WIRE IS

MANUFACTURED IN HIGH TECH FACTORIES OF

SARK WIRE CORP.

### DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

The factory of Demisaş A.Ş., which is 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 tonnes. As of 31.12.2016, approximately 38% 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%.

### SARK-USA, INCORPORATED

### FOUNDED IN 2002, MARKETS THE

### PRODUCTS OF OUR COMPANY AND

### SARK-WIRE CORP. DIRECTLY

### IN THE USA.



### SAR MAKİNA SAN. VE TİC. A.Ş.

Founded in 1991, Sarmakina 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%.

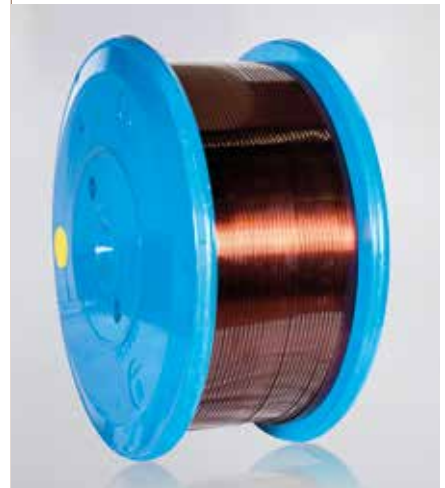
### SARDA DAĞITIM VE TİC. A.Ş.

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.



### **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 an 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 work continues 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.



### **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. Sark Bulgaria AD. The investment process for Sark Bulgaria AD continues.





## OUR SUBSIDIARIES AND AFFILIATES

SARK BULGARIA WAS FOUNDED ON 10.06.2016 IN SHUMEN, BULGARIA, IN ORDER TO OPERATE WITHIN EU BORDERS FOR THE SAKE OF GLOBALIZATION, INCREASE OUR EXPORTATION AND EXPAND OUR OPERATIONS.





**OUR SUBSIDIARIES AND AFFILIATES BY YEARS**

	2012	2013	2014	2015	2016
<b>Demisaş Döküm Emaye Mamulleri Sanayi A.Ş. (thousand TL)</b>					
Paid Capital	35,000	35,000	35,000	35,000	35,000
Our Shareholding	15,554	15,554	15,554	15,554	15,554
Shareholding Rate (%)	44.44	44.44	44.44	44.44	44.44
<b>Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. (thousand TL)</b>					
Paid Capital	35,000	35,000	35,000	35,000	35,000
Our Shareholding <sup>(*)</sup>	20,056	20,056	20,056	20,056	34,991 <sup>(*)</sup>
Shareholding Rate (%) <sup>(*)</sup>	-	57,304	57,304	57,304	99,975
<b>Bektaş Bakır Emaye Kablo Sanayi ve Tic. A.Ş. (thousand TL)</b>					
Paid Capital	5,500	5,500	5,500	5,500	5,500
Our Shareholding	3,889	3,889	3,889	3,889	3,889
Shareholding Rate (%)	70.71	70.71	70.71	70.71	70.71
<b>Sarda Dağıtım ve Tic. A.Ş. (thousand TL)</b>					
Paid Capital	10,000	10,000	10,000	15,000	15,000
Our Shareholding	9,997	9,997	9,997	14,996	14,996
Shareholding Rate (%)	99.97	99.97	99.97	99.97	99.97
<b>Sarmakina San. ve Tic. A.Ş. (thousand TL)</b>					
Paid Capital	2,000	2,000	2,000	10,000	10,000
Our Shareholding	1,980	1,980	1,980	9,900	9,900
Shareholding Rate (%)	99.00	99.00	99.00	99.00	99.00
<b>Sark - USA, Inc. (thousand US dollars)</b>					
Paid Capital	100	100	100	100	100
Our Shareholding	100	100	100	100	100
Shareholding Rate (%)	100	100	100	100	100
<b>Sark Wire Corp. (thousand US dollars)</b>					
Capital	8,000	8,000	10,000	10,000	10,000
Paid Capital	8,000	8,000	9,200	10,000	10,000
Our Shareholding	4,800	4,800	6,000	6,000	6,000
Shareholding Rate (%)	60	60	60	60	60
<b>Sark Bulgaria AD. (thousand LEVA)</b>					
Capital					6,000
Paid Capital					1,875
Our Shareholding					5,400
Shareholding Rate (%)					90
<b>Bemka Kupferlackdraht GmbH (thousand Euro)</b>					
Paid Capital					500
Our Shareholding					498
Shareholding Rate (%)					99.60

(\*) Our merger with Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. was completed and registered on 22.12.2016 and Bemka A.Ş.'s subsidiary that handles marketing in Germany Bemka Kupferlackdraht GMBH was added to our affiliations.

## 2016 ACTIVITIES

CONSIDERING THE INTENSE COMPETITION IN THE GLOBAL SECTOR AND THE NEW TECHNOLOGICAL TRENDS, WE ESPECIALLY FOCUS ON HIGH VALUE ADDED PRODUCTS WITHIN OUR INVESTMENTS.

### OUR INVESTMENTS

Our company continued investment activities in the 2016 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 two 3,845 kw gas motors that has been operating in our Cogeneration Facility since 1997 was decommissioned and the 2 x 4,400 kw and 1 x 3,000 kw for a total of 3 gas motors, for which installation was started in the second half of 2015, were completed and commissioned between February and April 2016. Commissioning works of 1 steam turbine with 700 kw power that was completed as of January 2017 continue and it is planned to startup in the first quarter of 2017. The capacity of our autoproducer license was increased and transformed to a production license accordingly.

### THE ESTABLISHMENT AND

### ASSEMBLY WORK FOR A NEW

### PRODUCTION FACILITY

### IN GEORGIA, U.S.A., WAS

### COMPLETED AND PRODUCTION

### OPERATIONS COMMENCED.

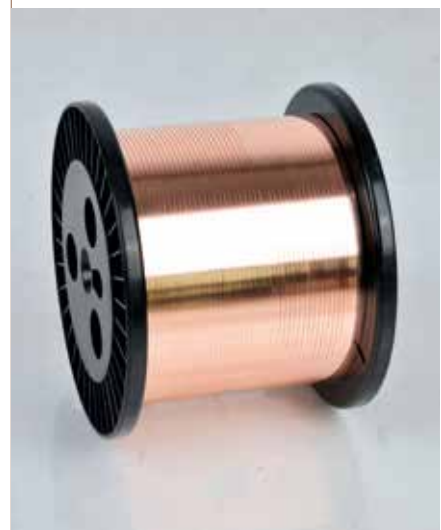


### OUR PRODUCTION COMPANY IN THE U.S.A.: SARK WIRE CORPORATION

The Sark Wire Corporation, established in Albany, New York-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 Georgia, U.S.A., for which we completed the assembly work and started operations. 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 in the industrial field; and the need for adapting to the change.



## INFORMATION ON OUR 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 tonnes, 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 adding value to the country's socioeconomic life since 1972. Sarkuysan reached 190,000 tonnes 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.





## 2016 ACTIVITIES

# SARKUYSAN MANUFACTURES WIRES D BY OF HIGH-CONDUCTIVITY COPPER WITH SUPERIOR HEAT AND THERMAL SHOCK

## RESISTANCE FOR CABLE SUPPLIERS IN SPACE AND FLIGHT

### INDUSTRY.

#### 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.

##### Contiroad

Electrolytic copper cathodes are melted in the atmosphere controlled shaft furnace and cast into bar form in Contiroad/Hazelett 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 industries. Wires manufactured by Sarkuysan of high conductivity copper with superior heat and thermal shock resistance are used in space and flight research 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 mm<sup>2</sup> conductors are manufactured in conformance with international standards on bunching machines

##### **Special Stranded Conductors**

0.05-300 mm<sup>2</sup> conductors are-stranded with customized geometry.

#### **Tin and 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.



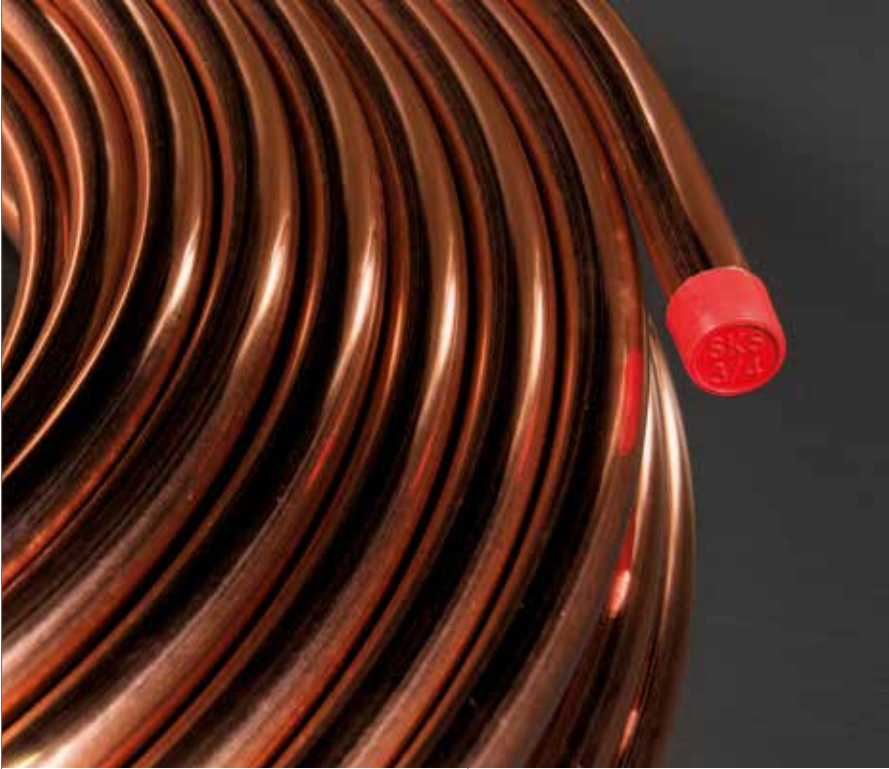


## 2016 ACTIVITIES

OUR TOTAL SALES IN 2016 AS SARKUYSAN A.Ş.

REACHED 190,000 TONNES ACHIEVING THE HIGHEST LEVEL

SINCE OUR COMPANY WAS FOUNDED.



### 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

**Width:** 3-30 mm, **Thickness:** 1-12 mm, **Cross-section:** max. 150 mm<sup>2</sup>

### 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 mm<sup>2</sup> or 120 mm<sup>2</sup> 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, op-



erating under protective gas. Within the year insulated copper tubes have been produced for the air conditioning sector with a production line that is specially developed and produced by Sarkuysan.

Depending on the customers' order, busbars are offered for sale in bare or tin-plated forms. Copper tubes manufactured in our plant conform to the EN 1057 standard as certified by the KITEMARK certificate issued by the BSI certification body.

With this certification, a significant advantage was gained for the sale of copper tubes in the UK and European countries. 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 mm<sup>2</sup> cross section in flat enamelled winding wires are produced



on enamelling machines at world standards.

#### **CTC (Continuously Transposed Conductor) Production**

The CTC product that is formed by gathering flat enamelled winding wires together which is used in power transformers and generators that reduce losses in the unit used, winding time and costs and increases the physical endurance of the winding, is produced with project development according to customer demand.

#### **OUR SALES**

Our total sales in 2016 reached 190,000 tonnes achieving the highest level since our company was founded. 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.

#### **EXPORT**

2016 was a successful year during which the number of countries exported to and active export customers increased for Sarkuysan. In terms of tonnage, this was a record breaking year in which our export increased by 14% compared to the same term in the previous year. Our export, which was 59,107 tonnes in the previous year, was 67,448 in 2016. Despite 14% increase in our total sales by tonne the percent-

## 2016 ACTIVITIES

IN 2016, THE NUMBER OF COUNTRIES EXPORTED TO AND ACTIVE EXPORT CUSTOMERS INCREASED FOR SARKUYSAN. IN TERMS OF TONNAGE, THIS WAS A RECORD COMPARED TO THE SAME TERM OF 2015, I.E. OUR EXPORT INCREASED BY 14%.

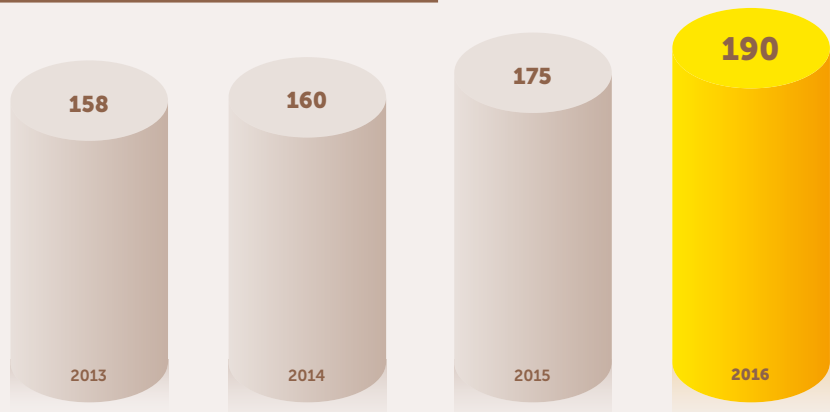
age drop in the LME Copper prices and the recession in the EUR/USD parity, our export figure for 2016 was 368,740,896 USD.

In the same period important increases were achieved in the sales of wire rod, higher added value copper wire and other products.

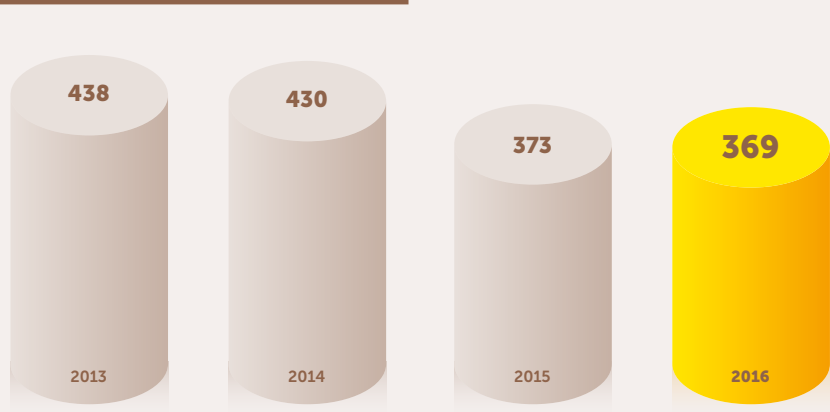
### OUR PRODUCTS

- Copper Cathode
- Produced from electrolytic copper;
  - Rods
  - Wire rod
  - 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)
  - Copper Busbars (bare or tin-plated)
  - Copper Nuggets (Cu-OF and Cu-DXP)
  - PV Ribbon Wires
  - Round Enameled Winding Wire (copper or aluminum)
  - Flat Enamel Winding Wire
  - CTC (Continuously Transposed Conductor)

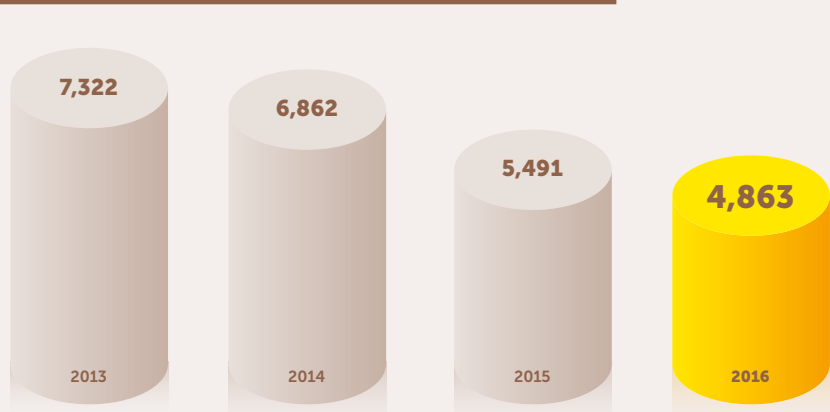
### TOTAL SALES (THOUSAND TONNES)



### EXPORT (MILLION USD DOLLARS)



### LME COPPER PRICES \$/TONNES (ANNUAL AVERAGE)



## FAIRS WE PARTICIPATED IN 2016

### DOMESTIC FAIRS

March 03 - 05, 2016

Eurasia Rail 2016 / CNR - ISTANBUL

April 07 - 09, 2016

Solarex 2016 / CNR - ISTANBUL

May 04 - 07, 2016

Sodexs 2016 / CNR - ISTANBUL

May 26 - 29, 2016

Santek 2016 / TÜYAP - KOCAELI

November 18 - 20, 2015

CWIEME 2016 / CNR - ISTANBUL

### INTERNATIONAL FAIRS

March 1 - 3, 2016

Middle East Electricity / Dubai - B.A.E

April 4-8, 2016

Wire 2016 / Dusseldorf - ALMANYA

May 10 - 12, 2016

CWIEME / Berlin - GERMANY

June 14 - 16, 2016

Expo Electrica / Mexico City - MEXICO

September 20 - 23, 2016

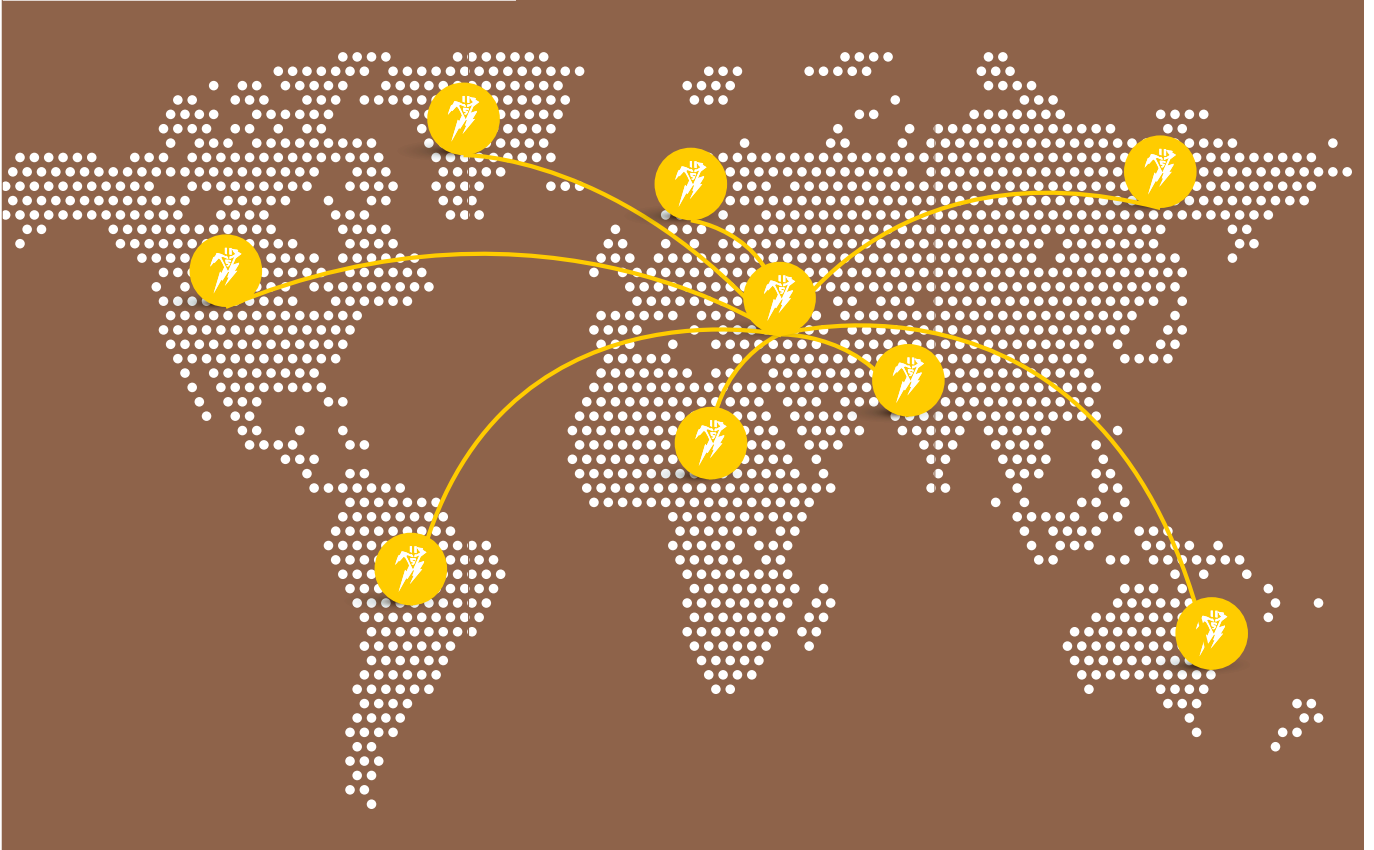
Innotrans / Berlin - GERMANY

September 20 - 23, 2016

Hamburg Wind Energy / Hamburg - GERMANY

## SARKUYSAN CONTINUED ITS LEADERSHIP IN THE SECTOR WITH EXPORT TO

### OVER 60 COUNTRIES IN 5 CONTINENTS





## 2016 ACTIVITIES

THE GROWTH IN INFRASTRUCTURE INVESTMENTS IS EXPECTED TO SIGNIFICANTLY INCREASE COPPER DEMAND WITH THE PROTECTIVE POLICIES SIGNALLED BY THE NEW ADMINISTRATION IN THE US AND THE IMPROVEMENTS IN THE US ECONOMY.

### 2017 EXPECTATIONS

It is seen that the downtrend in copper and metal markets that has been continuing for the last 5 years has ended and after the increase trend that started when US Presidential election was surprisingly won by Donald Trump will continue with actions of improvement. It is considered that this trend will continue, although weaker, in the first half of 2017.

Although an increase between 2.7 - 3.2% for refinery copper production was projected in 2016, due to the delay in economic recovery on the part of China and Europe it appears that the increase in copper consumption will remain between 2.4 and 3.0%. Additionally, with the protec-

tive policies signalled by the new administration in the US and the improvements in the US economy, the increase in infrastructure investments is expected to significantly increase copper demand. 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.

Although the world copper and cable market realized a growth of 3.3% on average in the last 10 years, 2016 was closed with a growth of only 1.8%. No significant development is expected in the domestic and foreign copper wire sector in 2017.

Our "growth by venturing out into new markets" strategy with which we

achieved significant success in 2014 and 2015 will be continued in the New Year.

In this context we will try to sustain the increase trend in our total export figure by expanding our existing market shares in Africa and the Middle East and by entering new markets.

### OUR 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



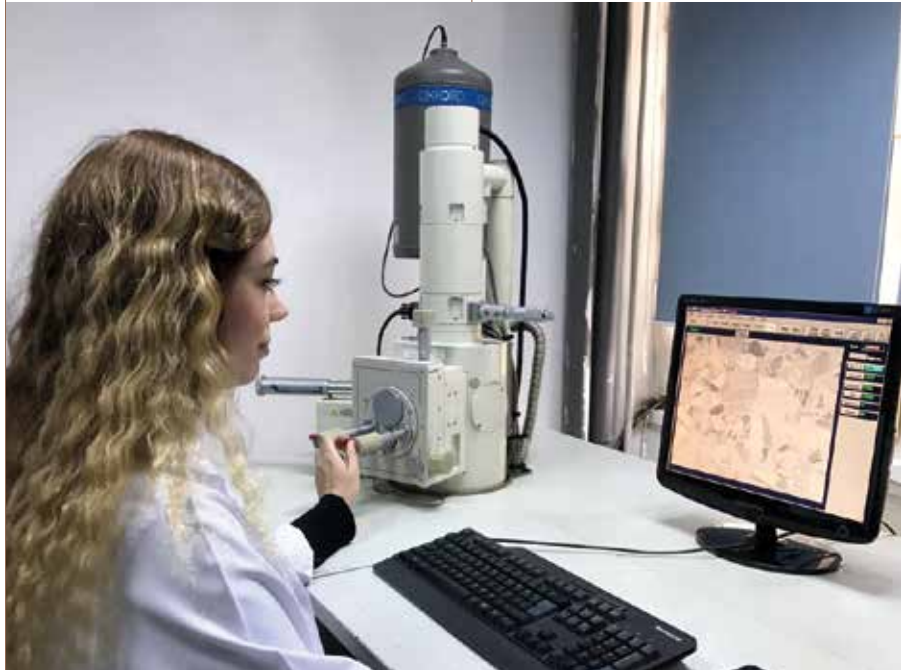
**QUALITY IS A TRADITION IN SARKUYSAN. OUR MAIN POLITICAL STATEMENT HAS ALWAYS BEEN BASED ON "PRODUCING HIGH QUALITY PRODUCTS" REGARDING OUR CUSTOMERS' NEEDS. OUR AIM IS TO PROTECT AND IMPROVE THE QUALITY OF OUR PRODUCTS IN A GLOBAL STATUS AND BE THE LEADER IN THE RACE OF THE GLOBAL QUALITY STANDARDS WITH OUR HIGH-TECH, KNOWLEDGE AND EXPERIENCE.**

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.

**OUR QUALITY POLICY**

Quality is a tradition at Sarkuysan A.Ş. It has always been the main policy of our company to produce "High Quality Goods" which meet the needs and expectations of our customers. Our key objective is to maintain and improve our position among the leading producers in the world quality race by virtue of high technology, accumulation of information, experience, and a qualified workforce. We continue our principle of "Environmentally Friendly Production" in this competition. Our quality management is based on continuous improvement of quality management system and its effectiveness by investment, coordination and support programs together with complete fulfilment of quality management system requirements in order to meet the expectations of our customers in a world moving towards a single market. Since high quality production is the fruit of the mutual efforts of our workforce, quality, training and inventive programs based on raising and developing awareness at the highest level comprises the basis of our training policy. Our "Handbook of Quality"



# AS SARKUYSAN A.Ş. WE UNDERTAKE TO USE ENERGY AND NATURAL RESOURCES EFFICIENTLY THROUGH A SUSTAINABLE DEVELOPMENT APPROACH, AND LAUNCH EFFICIENT AND TRANSPARENT EFFORTS TO REDUCE GREENHOUSE GAS EMISSIONS.

which is the basic document of TS EN ISO 9001 and ISO/TS 16949 Quality Management System, explains the complete principles and procedures of the system

All of our managers and employees must follow these principles and procedures. These principles ensure that products of Sarkuysan A.Ş. are produced in compliance with customer requirements, national and international standards as well as legal regulations. The uncompromising and effective implementation of the Quality Management System will provide low cost and high quality production increasing our competitiveness both in domestic and international markets.

Within the framework of this basic quality policy, the common and essential duty of our employees is to maintain and improve the success obtained in the product quality. Our principle of respecting the environment and giving priority to the health and safety of our employees within all of our activities, which is included in the Quality Policy, is supported by our operations in compliance with ISO 14001 Environmental Management System Certificate and OHSAS 18001 Occupational Health and Safety Management System Certificate. In order to efficiently use the decreasing energy sources of the world, SARKUYSAN has obtained the "ISO 50001 Energy Management System Certificate that serves as a guide for maximising energy performance to be used in all of its activities that are carried out with energy conservation, energy efficiency and environmental sensitivity principles.

### 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 and applications to improve our production plants and equipment and new investment operations 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 recycling facilities in the production site in accordance with the requirements of our customers; to ensure the efficient use of



**POLICIES AND PRINCIPLES**

**THAT ARE BASED ON PROTECTING**

**THE ENVIRONMENT AND**

**THE HEALTH OF OUR EMPLOYEES**

**AT SARKUYSAN ARE ACCESSIBLE**

**TO ALL STAKEHOLDERS**

**AND PUBLIC.**



## 2016 ACTIVITIES

UR COMPANY CONTRIBUTES IN THE EDUCATION FIELD BY GRANTING NON-REFUNDABLE SCHOLARSHIPS TO 88 UNDERGRADUATES, INCLUDING CHILDREN OF OUR EMPLOYEES AND GRADUATES OF SARKUYSAN HIGH SCHOOL.

### FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND SENIOR EXECUTIVES (TL)

Attendance fee, wage, bonus, premium and profit share	4,822,698.69
Allowances, traveling and accommodation expenses, insurance and representation expenses	215,739.77
Total	5,038,438.46

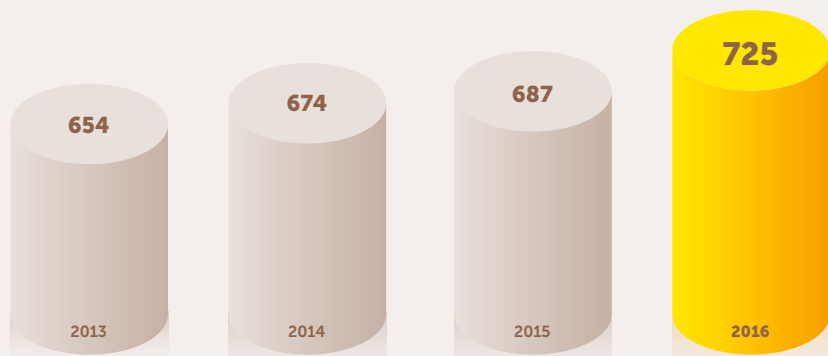
energy and natural resources for sustainable development and to prevent pollution within the framework of our Environmental Management System that is based on continuous improvement; to take all necessary measures in order to prevent workplace accidents and to preserve our employees from occupational 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 2016 our employment volume reached 984 in which 386 of them were employed for clerical positions and 598 were employed for the worker staff. Our staff members have been encouraged to attend the relevant internal and external training programs with the purpose of accelerating their occupational and social develop-

### NUMBER OF EMPLOYEES



ment. Additionally, various events have been organized to increase the positive communication and motivation among the staff members.

### FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF 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 88 undergraduates, including children of our employees and graduates of Sarkuysan High School studying at higher education institutions. Additionally, 58 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.

- Our close relationships with Sarkuysan High School and Sarkuysan Elementary School are maintained, contributions are made within repair, maintenance works and new equipment. We also organized the traditional composition contest in our High School during Atatürk Week.
- In the framework of designating the purchase of a medical device for a needy health institution as part of our new year giveaway budget that we have been continuing for 23 years in the field of health, we transformed the limited capacity,

outdated technology analogue x-ray of the Gebze Tuberculosis Association to digitalization.

- Our Turkish Music Chorus, which is formed by our staff, gave a concert on May 28, 2016 as part of the Istanbul Turkish Music Days held at the Bülent Ecevit Culture Centre and a concert was held for the public at the Gebze Osman Hamdi Bey Stage on December 24, 2016, the date commemorating our 41st year in production. Also folk dancing and Pilates training sessions continued.

### DONATIONS AND GRANTS

In this period, donations and grants in an amount of 304,738.14.-TL in total were provided to various organizations.

An amount of 83,050.-TL was donated in the field of sports to Sarkuysan



## 2016 ACTIVITIES

### AS A COMPANY AWARE OF ITS SOCIAL RESPONSIBILITIES

### SARKUYSAN REALIZED A NUMBER OF DIFFERENT PROJECTS IN

### 2016 AND GAVE AWAY 304,738.14 TL

### IN DONATIONS AND AID.

Sports Club for the material and equipment expenses of our table tennis team competing in the Super League, 85,952.14 TL was donated to the Gebze Tuberculosis Association for a digital x-ray device, 30,000.00 TL was donated to the Darıca Gençlerbirliđi Sports Club located in Darıca and 7,330.00 TL was donated to the Turkish Education Foundation as some of our donations and assistance in significant amounts.

The gastroscopy - colonoscopy devices, which were purchased for Gebze Fatih State Hospital in January 2016 for 84,240.-TL belong to 2015 budget.

Dear shareholders,

Our Company made donations and grants to various organizations and contributed to their development and improvement.

We request you to set the limit of donations and grants as 350,000.-TL for the year 2017 in accordance with the corporate governance principles.

Kind Regards,  
The Board of Directors

**IN 2016 SARKUYSAN, DONATED**

**83,050 TL AS MATERIALS AND**

**EQUIPMENT EXPENSES TO**

**SARKUYSAN SPORTS CLUB, WHICH**

**IS COMPETING IN TABLE TENNIS**

**SUPER LEAGUE.**

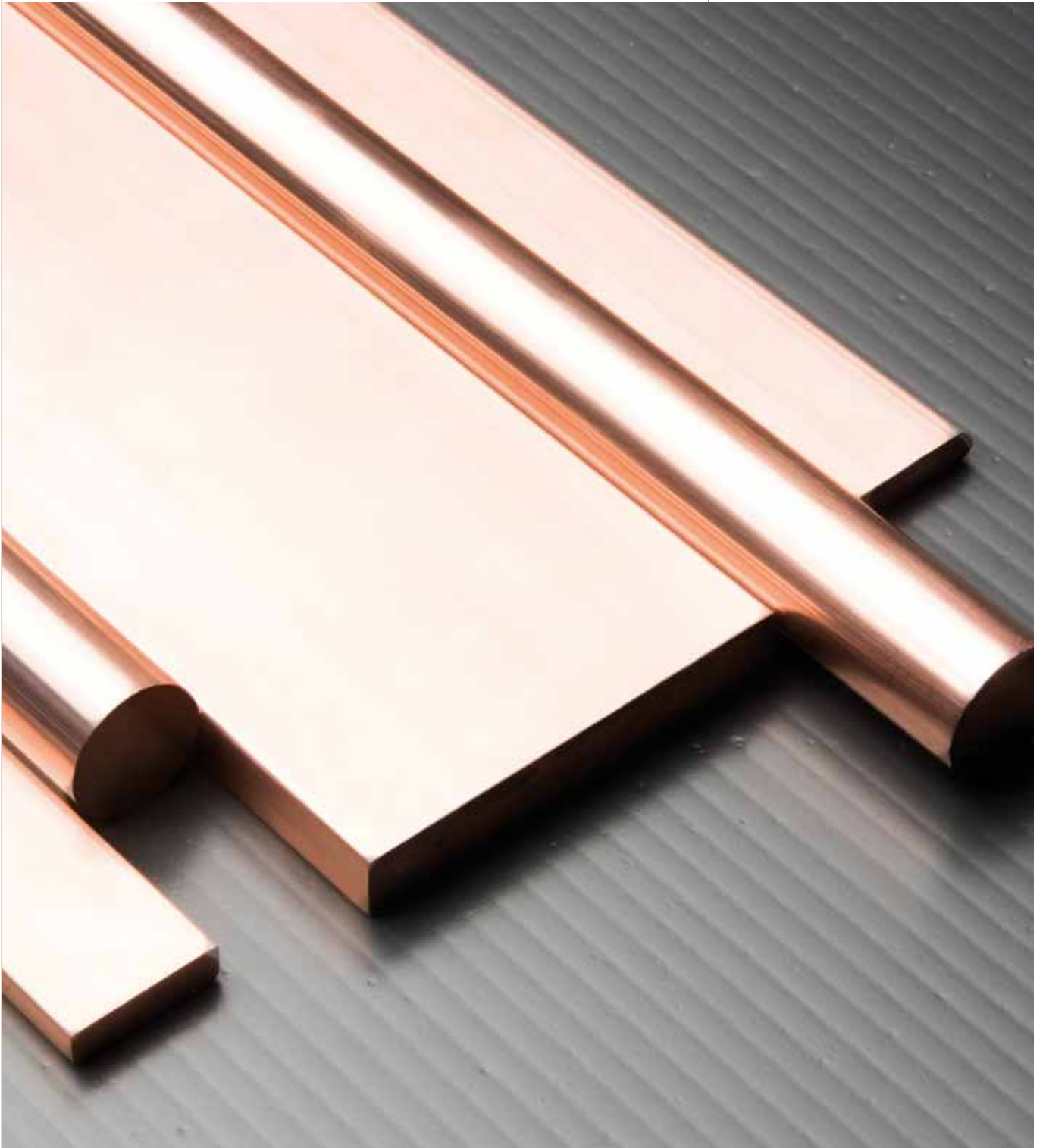
#### DONATIONS AND ASSISTANCE PROVIDED IN 2016 (TL)

Gebze Tuberculosis Association	85,952.14
Gebze Fatih State Hospital	84,240.00
Sarkuysan Sports Club	83,050.00
Darıca Gençlerbirliđi Sports Club	30,000.00
Turkish Education Foundation	7,330.00
Turkish Hearing Impaired Solidarity Foundation	4,700.00
Bizimköy Handicapped Foundation	3,766.00
Gebze Technical University	2,000.00
Phyically Handicapped Solidarity Foundation	1,800.00
KASEV (Kadıköy Health and Education Center)	750.00
Other	1,150.00
<b>Total</b>	<b>304,738.14</b>

#### TARGETS ACHIEVED

- Our company has reached new markets and customers in 2016.
- New projects have been realized as a part of our R&D operations and modernizations efforts have continued in our plants.
- Training programs have been organized within the scope of the quality policy in order to improve the productivity and professional skills of our employees.





## 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 2016 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.

## CORPORATE RISK MANAGEMENT AND BOARD

### OF DIRECTORS' ASSESSMENT

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.

**Receivable 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 (mortgage, letter of guarantee, DBS, 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.

#### Miscellaneous

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 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 adopts full compliance with the Corporate Governance Principles in the annex of the Corporate Governance Communique no. II-17.1 of the Capital Markets Board that went into effect upon publication in the Official Gazette no. 28871 dated 03.01.2014. However due to some difficulties that could be experienced in practice and lead to the delay of company operations, the existence of both local and international conflicts concerning compliance with some of the articles and the lack of corresponding to our company's existing structure, some of the principles are not complied with fully.

#### SECTION II - SHAREHOLDERS

##### 2.1 THE 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 employees and their contact information: Attorney Demet CİZ- RELİOĞULLARI (hukuk@sarkuysan.com) (Ext.:3277), Şefiye YAYLA (s.yayla@sks.com.tr) (Ext.: 3275), Suat VARDAR (s.vardar@sks.com.tr) (Ext.: 3455), Operator Telephone: (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 the "www.sarkuysan.com" address. Our company has made 26 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 2016 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 the "www.sarkuysan.com". 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 General Assembly Meeting concerning the 2015 activities of the company was held on 02.05.2016 with a quorum of 74.34% at the company headquarters. Shareholders attended by proxy and in person. The articles of the agenda were disclosed on the same date on PDP (Public Disclosure Platform) by 01.04.2016 Board decision. The announcement for the General Assembly Meeting was posted in the Turkish Commercial Registry dated 06.04.2016 and t Özgür Kocaeli Newspaper 3 weeks after the meeting and announced on the Company website and the Public Disclosure Platform on 01.04.2016 in compliance with the Corporate Governance Principles Communiqué. Additionally, an announcement was made to Holders of Group A issued to name shareholders by letter on 11.04.2016. The agenda and a sample power of attorney and signature declaration were attached to this letter. At least three weeks before the general assembly date, excluding announcement and meeting dates, the Consolidated Financial Tables and Our Activity Report were made available to shareholders in the framework of the Turkish Commercial Code no 6102, article 437. We negotiated with the company Medianaova İnternet Hizmetleri ve Tic. A.Ş. for an Electronic General Assembly per the Turkish Commercial Code number 1524 and article 34 of our Articles of Association. On the day of our company's general assembly 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 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 tables and the auditors were present at the General Assembly 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 meeting other than shareholders. 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 2016. All of the decisions and the meeting minutes concerning the meeting agenda matters discussed in the General Assembly including the dividends were broadcasted on PDP and our company's internet site 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 Assemblies 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 Assemblies are able to attend these meetings in electronic setting per Turkish Commercial Code article 1527. At the 2016 Ordinary General Assembly meeting the system established according to this provision of the articles of association was used to 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 made by the General Assembly. There is no reciprocal shareholding in our company.

## 2.5 PROFIT SHARE RIGHT

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

### Our Profit Distribution Policy:

1. The annual profit of the Company is distributed per General Assembly 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 by the General Assembly upon the proposal of the board. The Board's proposal for profit 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 web site.
4. The profit 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 of the general assembly. 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 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, profit share 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. Profit share 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 profit 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 specified by the general assembly. 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 profit 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.
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 shares issued to the A group are issued by name and processed on the Stock Exchange, the B group shares are issued to holder and processed on the Stock Exchange. Per article 7 of the company articles of association "Founding partners who wish to sell their (A) group issued by name 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 THE COMPANY WEBSITE AND 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 partners for approval at the general assembly and is disclosed to the public in the activity report and on our company's corporate website.

The Sarkuysan website [www.sarkuysan.com](http://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 web site is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate web site. The Investor Relations part of our corporate web site 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, profit distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers thereto. In the part "Sarkuysan on Istanbul Stock Exchange" of our internet site, all details about the Company posted in Istanbul Stock Exchange's corporate web site are available. The corporate web site 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 ACTIVITY REPORT

The company's activity report is prepared according to the provisions in the Regulation on Determining the Minimum Content of Company Annual Activity 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. Of the 89 suggestions that were submitted in 2016, 70 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 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 formed by our staff members, gives concerts at different venues. Additionally, our folkdance and dance group continue to work.

### 4.3 ETHICAL RULES AND SOCIAL RESPONSIBILITY

Our company's operations are conducted in the framework of the following ethical rules. These rules are in the Corporate Governance Principles Compliance Report that is prepared in parallel to the Corporate Governance Principles Compliance Communiqué published by the Capital Markets Board and is broadcasted on the company website.

Our company has adopted the following principles in order to realize its main objective of "having excellent human resources supported with the best human resources applications";

- Keeping the organizational structure of our company dynamic and being ready for changes in line with our strategic plans and goals,
- Using our human resources in the most efficient and productive way possible, developing individual and team performance with constant quality improvement processes and systems to guide the strengths of our management in line with company goals; creating a professional working environment for our employees and opportunities for career development,
- Providing innovative individuals, who are highly trained, are open to innovation and change, have entrepreneurial skills and talent, are energetic and strive to improve themselves and the company, embrace and carry forth the company values.

Quality, customer satisfaction, productivity, participatory management, team work, flexibility and open communication is focused on in these efforts and systems that have been developed concerning human resource to realize these objectives and policies. While employees carry out their duties, they are obligated to comply with the Work Ethic Principles specified below, understand the importance of the responsibilities given to them and carry out them accordingly.

#### Our employees:

1. Are responsible for doing their jobs with care and caution, following and understanding the regulations and changes made concerning their work and acquiring the information they need to carry out their job. If problems are encountered on these subjects, the employees will consult the concerned company authorities.
2. Employees will continue to work with the efficiency and performance that is expected from them in accordance with the requirements and nature of their job.
3. When making decisions concerning their job, employees will give priority to the company interests and avoid all actions and acts that could damage the company.
4. Employees are obligated to keep all information, which they have learned in the course of their work that must not be disclosed to others, confidential.
5. Employees must abide laws and avoid all activities that could make things difficult for the company or damage its reputation.
6. In the employment of their staff and their direct/indirect work with third parties they must be careful to choose individuals or companies with reputability who will adopt and implement the Work Ethics Principles.
7. They will not try to obtain benefit from private and legal entities for their position and cannot propose or present any kind of illegal payment or assistance to anyone or any company.
8. Whether in their relations with the government or with customers, the employees must always prioritise Work Ethics Principles and while representing the company in these platforms, they must avoid attempts to influence the other party, which may damage the company's reputation.
9. Employees must achieve customer satisfaction with quality, speed, grace and respect by maintaining honesty, reliability and honour in their relations with customers and business owners and must treat all individuals and companies equally.
10. Employees must comply with the order and hours of the workplace, they must act in accordance with the start and off work hours and break periods and must fulfil their obligation to work without disruptions.

11. While complying with our company's working order and hours, the employees are responsible for using all their work hours for the Company. Employees must not work anywhere else to earn other income or undertake any management or consultation duties in companies.
12. Employees are obligated to protect and secure all kinds of money, official documents, vehicles and equipment concerning our company and not use any of these for their own benefit.
13. The employee is obligated to comply with the Labour Law Regulation, their employment contract and the work conditions that have been specified in these guidelines that are an annex to the employment contract and all verbal and written instructions of the employer or employer representatives concerning the execution of work and behaviour in the workplace, work discipline and occupational health and safety rules.

In this context employees are obligated to report any changes in their family, marital and address status and provide the information about themselves, their family or relatives that is the basis for their rights and obligations organized by contracts and regulations and the documents that are the basis for this information on time. The responsibility to report changes in personal information belongs solely to employees. The official correspondence address is the last address notified by the employee and all notifications made to this address are considered as being made to the employee.

Social, cultural and athletic activities are supported in the scope of company principles. The company is sensitive to social responsibility and complies with regulations concerning the environment, the consumers and public health and ethical rules. Our company supports and respects human rights with international applicability. Our company fights against all manner of corruption including extortion and bribery.

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.

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

## SECTION V - THE BOARD OF DIRECTORS

### 5.1 THE STRUCTURE AND ORGANIZATION OF THE BOARD OF DIRECTORS

NAME LAST NAME	DUTY	LAST ELECTION DATE
Hayrettin ÇAYCI	Chairman	28.03.2014
Fuat SUCU	Deputy Chairman	28.03.2014
Maksut URUN	Member of Board	28.03.2014
Hamit MÜCELLİT	Member of Board	28.03.2014
A. Hamdi BEKTAŞ	Member of Board	28.03.2014
Cenap TAŞKIN	Member of Board	28.03.2014
Nurtekin KEÇECİ(*)	Member of Board	02.05.2016
Turgay ŞOHOĞLU	Member of Board	28.03.2014
Mehmet Ali YILDIRIMTÜRK	Member of Board	28.03.2014
Ziya AKKURT	Independent Member of Board	02.05.2016
Nuray AKMERİÇ	Independent Member of Board	02.05.2016

(\*) Assigned by Board decision dated 02.05.2016 to complete the term of Mr. Ahmet Tokcan who resigned from the Board.

The Chairman and the General Manager are two different persons.

According to our Articles of Association the management of our 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 2016, 2 independent members who fully meet the criteria set forth by the Capital Markets Board's communiqué 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. No incidents that would invalidate the independent status of our independent board members occurred in this activity period.

Our Board members were elected at the General Assembly held on 28.03.2014 for a term of 3 years. 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. The term of our independent members is one year and they may be re-elected by nomination.

Mr. Nurtekin Keçeci has been assigned by General Assembly decision to take over the Board of Director Member position left by Mr. Ahmet Tokcan on his resignation dated 02.05.2016 to complete his term until the next election to be held in the General Assembly; and to take over the position in the Early Risk Detection Committee also vacated by Ahmet Tokcan upon his resignation.

## 5.2 THE 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 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 22 times in 2016.

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.

In terms of important issues presented to the Board Members for approval, the decision was made to merge with our subsidiary Bemka Emaye Bobin Teli ve Kablo San.Tic.A.Ş by simplified procedure. However since the merger process completed with the approval of the Capital Markets Board, simplified partners were not given the right to depart and it was not submitted to the general assembly for approval.

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 THE NUMBERS, STRUCTURE AND INDEPENDENCE OF COMMITTEES, WITHIN 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 2016.

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 is 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 activity 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 tables 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 6 times in 2016 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 activity report.

### THE AUDIT COMMITTEE

NAME - LAST NAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Ziya AKKURT	Independent Member of Board	Chairman
Nuray AKMERİÇ	Independent Member of Board	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 - LAST NAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Nuray AKMERİÇ	Independent Member of Board	Chairman
Turgay ŞOHOĞLU	Member of Board	Member
Mehmet Ali YILDIRIMTÜRK	Member of Board	Member
Suat VARDAR	Investor Relations Director	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.

### 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 - LAST NAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Ziya AKKURT	Independent Member of Board	Chairman
Nurtekin KEÇECİ	Member of Board	Member
Mehmet Ali YILDIRIMTÜRK	Member of Board	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. Risk management cannot be considered different from operations management and therefore the applications concerning risk management shall be conducted within the Company as much as possible and not left up to external sources and consultants. Therefore one of the most important tasks of the people in charge of the processes is to manage the relevant risks. Our Board of Directors form our internal control systems to include the risk management and information systems and processes that will minimize the risks that could affect shareholders and the other stakeholders of the company with the views of the other related Board committees.

The main risks that our Company is exposed to are financial risks (exchange rate, interest, liquidity and loans) and nonfinancial risks (strategic and operational), which are monitored under these two headings and informed to the Board periodically. Detailed information about risk management is included in the relevant section of our activity report.

## 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 02.05.2016. Our partners are given the opportunity to submit their opinions on the subject.



# CORPORATE GOVERNANCE COMPLIANCE REPORT

Profit shares, 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 activity report.

The wages, attendance fees and profit shares 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 02.05.2016 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 activity report is also available on our website.

## INDEPENDENCE STATEMENT OF BOARD MEMBERS

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elek- trolitik 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 academician 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.

Sincerely,

**Ziya AKKURT**

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 academician 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.

Sincerely,

**Nuray AKMERİÇ**

# 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 (IMKB) 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.

## AUTHORITIES AND RESPONSIBILITIES

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 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 activity reports
4. Corporate web site (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 exhibitions attended,

## PUBLIC DISCLOSURE OF MATERIAL EVENTS

The material event disclosures of Sarkuysan A.Ş are prepared by the Financial Affairs Department 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, Finance Department, Cost Accounting 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 web site.

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 THE ANNUAL REPORT**

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.

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 web site 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 web site.

### **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 web site three weeks prior to the General Assembly, and also communicated to PDP online. Investors may obtain a Turkish and English hard-copy version of the Annual Report from the Finance Department and Investor Relations Department.

### **INTERNET SITE**

The Sarkuysan website [www.sarkuysan.com](http://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 substitute 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 web site is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate web site.

The Investor Relations part of our corporate web site 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, profit distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers.

In "Sarkuysan on Istanbul Stock Exchange" section of our internet site, all details about the Company that are posted in Istanbul Stock Exchange's corporate web site are available. The corporate web site 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 MADE IN 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, capital increase and dividend payment are published both in the Turkish Trade Registry Gazette and daily newspapers.

# DISCLOSURE POLICY

## STATEMENTS ON THE EXERCISE OF SHAREHOLDER RIGHTS

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

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

## MEASURES TO KEEP INTERNAL INFORMATION CONFIDENTIAL UNTIL PUBLIC ANNOUNCEMENT

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 ASSIGNED

### BY THE COMPANY

	31.12.2016 AMOUNT (TL)	31.12.2015 AMOUNT (TL)
<b>A. Total value of GPM assigned on behalf of the Company</b>	<b>469,355,632</b>	<b>309,550,344</b>
Sarkuysan A.Ş. Letter of Guarantees	128,149,656	77,956,415
Sarkuysan A.Ş. Surety Bonds	324,780,277	201,173,683
Sar Makina A.Ş. Letter of Guarantees	811,114	162,208
Bemka A.Ş. Letter of Guarantees	-	22,340,577
Bemka A.Ş. Mortgages	-	-
Bemka Surety Bonds	-	225,000
Bemka A.Ş. Letter of Guarantees	2,117	2,117
Sarda A.Ş. Letter of Guarantees	15,606,000	7,685,000
Aegean Free Trade Zone Subsidiary Letter of Guarantees	6,468	5,344
<b>B. Total amount of the GMP assigned in favour of the corporations included in the scope of full consolidation</b>	<b>91,245,229</b>	<b>174,226,602</b>
Suretias	91,245,229	174,226,602
Mortgages		
<b>C. Total amount of the GMP assigned for securing debts of other 3rd persons in order to carry out ordinary business operations.</b>		
<b>D. Total amount of other GMPs assigned</b>		
ii. Total amount of the GMPs assigned in favour of the other group companies that are not within the scope of B and C.		
iii. Total amount of the GMPs assigned in favour of 3rd persons that are not within the scope of C.		
<b>Total</b>	<b>560,600,861</b>	<b>483,776,946</b>

## OUR PROFIT DISTRIBUTION POLICY

1. The annual profit of the Company is distributed per general assembly decision in accordance with the Profit 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 whether to distribute profit or not is taken by the general assembly upon the proposal of the board. The Board's proposal for profit 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 web site.
4. The profit distribution process is initiated no later than the end of accounting period for which the general assembly meeting in which 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 of the general assembly. 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 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, profit share 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. Profit share distribution is carried out 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 profit 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 specified by the general assembly. 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 in the ordinary general assembly.
13. The profit distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law and appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly.
14. In case 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.



# PROFIT DISTRIBUTION RECOMMENDATION

The 29,382,868 - 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 31.12.2016 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 11% net profit share and the distribution date be 10.04.2017.

If this proposal is accepted 12.941176% (0.12941176TL) Gross and 11% (0.11 TL) Net in cash profit share will be given for each nominal value share of 1.-TL of our 125,000,000:-TL Paid Capital.

Sincerely,  
The Board of Directors

## SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş 2016 PROFIT SHARE DISTRIBUTION TABLE

1. Paid/Issued Capital		125,000,000
2. General Legal Reserves (According to Legal Records)		23,954,700
Information on the relevant privilege if any privileges are applied in the distribution of profit pursuant to the articles of association.		None.
	PURSUANT TO CMB	PURSUANT TO LEGAL RECORDS
3. <b>PERIOD PROFIT</b>	<b>38,480,664</b>	<b>29,194,201</b>
4. Taxes (-)	8,195,391	5,051,341
Corporate Tax (-)	8,195,391	5,051,341
Provision for Deferred Tax (-)	0	0
5. <b>Net Period Profit</b>	<b>30,285,273</b>	<b>24,142,860</b>
6. Losses of Previous Years (-)	0	0
7. General Legal Reserve (-)	1,207,143	1,207,143
8. 75% of Property Sales		0
9. <b>NET DISTRIBUTABLE PROFIT FOR THE PERIOD</b>	<b>29,078,130</b>	<b>22,935,717</b>
10. Donations Made Within the Year(+)	304,738	
<b>Net Distributable Profit for the Period Incl. Donations</b>	<b>29,382,868</b>	
12. First Dividend to Shareholders	1,469,143	
Cash	1,469,143	
Bonus	0	
Total	1,469,143	
13. Profit Share Distributed to Privileged Shareholders	0	
14. Other Profit Shares Distributed	1,093,649	
Dividend to Board Members	1,093,649	
15. Dividend Distributed to Holders of Redeemed Shares	0	
16. Second Dividend to Shareholders	14,707,327	
Cash	14,707,327	
Bonus	0	
Total	14,707,327	
17. General Legal Reserve (-)	1,102,012	
18. Statuary Reserves	0	0
19. Special Reserves	0	0
20. <b>EXTRAORDINARY RESERVE</b>	<b>10,705,999</b>	<b>4,563,586</b>
21. Other Resources to be Distributed	0	0
Profits of Previous Years		
Extraordinary Reserves		
Pursuant to Law and Articles of Association		

## PROFIT SHARES TABLE INFORMATION ON DIVIDENDS PER SHARE

GROUP	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO SHARE WITH PAR VALUE OF 1 TL	
	CASH (TL)	BONUS (TL)		AMOUNT (TL)	RATIO (%)
NET A	69.00	0.00	0.00	0.1100	11.00
B	13,749,931.00	0.00	47.29	0.1100	11.00
TOTAL	13,750,000.00	0.00	47.29	0.1100	11.00

# 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 Anonim Şirketi**.

#### 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 company, 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 company established the committee September 18, 2012 and the committee consists of 2 members. The Committee met six times in 2016 for early risk detection of factors that threaten the existence, development and continuation of the company, 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 Anonim Şirketi** to be sufficient in every perspective within the framework of TCC article 378.

(Istanbul, March 13, 2017)

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

Dr. Hakkı DEDE  
Responsible Partner Lead Auditor

# INDEPENDENT AUDIT REPORT ON THE ANNUAL ACTIVITY

## REPORT OF THE BOARD OF DIRECTORS

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

#### REPORT ON THE AUDIT OF THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS PURSUANT TO THE INDEPENDENT AUDIT STANDARDS

We have audited the Annual Report of **Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi** ("Company") and its Subsidiaries (hereinafter referred to as "Group" collectively) for the fiscal period ending December 31, 2016.

#### Board's Responsibility for Annual Activity Report

Group Management is responsible for correctly issuing the annual report consistent with financial statements pursuant to Article 514 of the Turkish Commercial Code no 6102 and CBM's Communiqué no II-14.1 on Principles of Financial Reporting in the Capital Market", and further for the internal control deemed necessary for ensuring that an annual report of such nature as described above is prepared.

#### Responsibility of the Independent Auditor

Our responsibility is to express an opinion, based on the independent audit we have performed on the Group's annual activity report in accordance with Article 397 of the TCC and the Communiqué, on whether the consolidated financial information provided in this annual report is presented fairly and consistent with the Group's consolidated financial statements.

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"). These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the financial statements.

Independent audit involves the application of auditing procedures in order to obtain audit evidence on the historical financial information. The selection of these procedures is based on the professional judgement of the independent auditor.

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

#### Opinion

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



### Liabilities Arising from Other Regulatory Requirements

In accordance with clause three of Article 402 of the Turkish Commercial Code ("TCC") no 6102, within the framework of the ISA 570 "Continuity of the Business", there were no important reportable matter which causes us to believe that Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries will not be able to continue their operations in the foreseeable future.

(Istanbul, March 13, 2017)

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

Dr. Hakkı DEDE  
Responsible Partner Lead Auditor

**SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**

**CONSOLIDATED FINANCIAL TABLES AND**

**INDEPENDENT AUDIT REPORT DATED**

**JANUARY 1, 2016 - DECEMBER 31, 2016**

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

#### INTRODUCTION

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

#### GROUP MANAGEMENT 'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### INDEPENDENT AUDITOR'S RESPONSIBILITY

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

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

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

#### OPINION

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

#### REPORTS ON OTHER RESPONSIBILITIES ARISING FROM REGULATORY REQUIREMENTS

1. Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on March 13, 2017.
2. In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2016 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
3. In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Dr. Hakkı DEDE  
Partner

İstanbul, 13 March 2017



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# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR

### THE PERIOD ENDED DECEMBER 31, 2016

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

	Notes	Audited Current Period 31.12.2016	Reclassified Audited Previous Period 31.12.2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	26.520.336	34.704.244
Financial Investments	7	-	-
Trade Receivables	10	355.031.796	377.175.267
Trade Receivables from Unrelated Parties	10	354.122.338	376.571.770
Trade Receivables from Related Parties	10, 37	909.458	603.497
Receivables from Finance Sector Activities		-	-
Other Receivables	11	45.392.508	45.655.933
Other Trade Receivables from Unrelated Parties	11	45.392.508	45.655.933
Other Trade Receivables from Related Parties		-	-
Derivative Financial Instruments	14	2.413.283	1.263.944
Inventories	13	322.420.750	188.093.131
Prepaid Expenses	26	29.572.763	5.106.598
Current Tax Assets	35	1.296.778	1.338.716
Other Current Assets	26	10.830.269	8.095.593
Total		793.478.483	661.433.426
Assets Held For Sale	34	-	-
<b>Non-Current Assets</b>			
Financial Investments	7	24.558	24.558
Trade Receivables	10	-	-
Due From Finance Sector Operations		-	-
Other Receivables	11	258.367	122.503
Other Receivables from Unrelated Parties		258.367	122.503
Other Receivables from Related Parties		-	-
Derivative Financial Instruments	14	-	-
Investments Evaluated with Equity Method	16	25.066.364	33.292.327
Investment Properties	17	58.627.755	46.147.755
Tangible Assets	18	217.907.006	213.255.641
Intangible Assets	19	4.364.102	4.375.292
Goodwill	20	-	-
Other Intangible Assets		4.364.102	4.375.292
Prepaid Expenses	26	269.048	226.754
Deferred Tax Asset	35	7.862.411	8.289.176
Other Non-Current Assets	26	-	-
<b>TOTAL ASSETS</b>		<b>1.107.858.094</b>	<b>967.167.432</b>

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, 2016

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

	Notes	Audited Current Period 31.12.2016	Reclassified Audited Previous Period 31.12.2015
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
Short-Term Financial Liabilities	8	388.051.775	384.054.067
Short-term Portion of Long-term Financial Liabilities	8	61.569.984	22.265.890
Other Financial Liabilities	9	-	-
Trade Payables	10	105.938.205	41.107.293
Other Trade Payables to Unrelated Parties	10, 38	105.938.205	41.107.293
Other Trade Payables to Related Parties		-	-
Employee Benefit Obligations	12	3.542.244	2.728.507
Other Payables	11	6.100.895	2.427.567
Other Payables to Unrelated Parties	11	6.100.895	2.427.567
Other Payables to Related Parties		-	-
Derivative Financial Instruments	14	3.021.457	-
Deferred Income	26	1.243.601	27.373.048
Deferred Income from Unrelated Parties		697.979	27.373.048
Deferred Income from Related Parties		545.622	-
Period Income Tax Liabilities	35	868.424	401.563
Short - Term Provisions	22,24	6.958.546	5.933.702
Provisions for Employee Benefits		5.974.299	4.664.686
Other Short-Term Provisions		984.247	1.269.016
Other Current Liabilities	26	359.956	-
<b>Total</b>		<b>577.655.087</b>	<b>486.291.637</b>
Liabilities Regarding Assets Held For Sale		-	-
<b>Long-Term Liabilities</b>			
Long-Term Payables	8	123.853.976	91.411.495
Trade Payables	10	-	-
Long-Term Provisions	24	26.750.080	24.276.706
Provisions for Employee Benefits		26.750.080	24.276.706
Other Long-Term Provisions		-	-
Deferred Tax Liabilities	35	1.564.236	1.592.882
<b>SHAREHOLDERS' EQUITY</b>			
<b>Parent Company Shareholders' Equity</b>			
Paid-in Capital		125.000.000	125.000.000
Capital Adjustment Positive Differences		51.466.039	51.466.039
Other Accumulated Comprehensive Income/Expense not to be reclassified as profit or loss		14.940.652	17.006.437
Other Accumulated Comprehensive Income/Expense to be reclassified as profit or loss		21.818.759	14.735.116
Restricted Profit Reserves		30.719.893	27.364.957
Previous Years Profits/Losses		103.606.841	92.288.934
Net Period Profit/Loss		30.254.361	35.771.578
<b>Non - Controlling Interests</b>		<b>228.170</b>	<b>(38.349)</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1.107.858.094</b>	<b>967.167.432</b>

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, 2016

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

	Notes	Audited Current Period 01.01.2016 31.12.2016	Reclassified Audited Previous Period 01.01.2015 31.12.2015
<b>PROFIT OR LOSS</b>			
Revenue	5, 28	2.890.595.687	2.726.637.507
Cost of Sales (-)	5, 28	(2.784.739.275)	(2.601.424.909)
<b>GROSS PROFIT</b>		<b>105.856.412</b>	<b>125.212.598</b>
Marketing, Selling and Distribution Expenses (-)	29, 30	(16.860.199)	(12.741.978)
General Administration Expenses(-)	29, 30	(36.958.774)	(29.324.531)
Research and Development Expenses (-)	29, 30	(536.558)	(1.027.108)
Other Operating Income	31	135.341.293	132.135.450
Other Operating Expenses (-)	31	(84.479.995)	(79.968.504)
<b>OPERATING PROFIT / (LOSS)</b>		<b>102.362.179</b>	<b>134.285.927</b>
Income from Investment Activities	32	-	715.580
Loss from Investment Activities (-)	32	-	-
The Profit/(Loss) Portion of Investments Evaluated With Equity Method	16	(6.494.232)	2.357.110
<b>OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE</b>		<b>95.867.947</b>	<b>137.358.617</b>
Financial Income	33	92.737.744	65.808.646
Financial Expense (-)	33	(150.125.027)	(158.756.295)
<b>CONTINUED OPERATIONS PROFIT / (LOSS) BEFORE TAX</b>		<b>38.480.664</b>	<b>44.410.968</b>
<b>Continued Operations Tax Profit / (Loss)</b>	35	<b>(8.195.391)</b>	<b>(8.760.139)</b>
Current Period Tax Income /(Expense)		(7.398.082)	(10.374.071)
Deferred Tax Income / (Expense)		(797.309)	1.613.932
<b>CONTINUED OPERATIONS PERIOD PROFIT / (LOSS)</b>		<b>30.285.273</b>	<b>35.650.829</b>
<b>DISCONTINUED OPERATIONS</b>			
Discontinued Operations Profit / (Loss) After Tax		-	-
<b>PERIOD PROFIT / (LOSS)</b>		<b>30.285.273</b>	<b>35.650.829</b>
<b>Distribution of Period Profit / (Loss)</b>		<b>30.285.273</b>	<b>35.650.829</b>
Non-Controlling Interests		30.912	(120.749)
Parent Company		30.254.361	35.771.578
<b>Net Earnings Per Share</b>	36	<b>0,0024</b>	<b>0,0028</b>

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, 2016

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

	Notes	Audited Current Period 01.01.2016 31.12.2016	Audited Previous Period 01.01.2015 31.12.2015
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>27</b>	<b>30.285.273</b>	<b>35.650.829</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items Not To Be Reclassified in Profit Or Loss</b>		<b>(2.069.741)</b>	<b>4.985.626</b>
Increase / Decrease in Revaluation of Tangible Assets		-	7.799.467
Defined Benefit Plans Re-Measurement Gains (Losses)	<b>24</b>	(2.016.214)	(1.286.094)
Shares Not To Be Classified In Other Profit Or Loss Of Investments Valued By Equity Method	<b>16</b>	(448.490)	(219.795)
Other Comprehensive Income Taxes Not to be Reclassified to Profit or Loss	<b>35</b>	394.963	(1.307.952)
Period Tax Expense/Income		-	-
Deferred Tax Expense/Income		394.963	(1.307.952)
<b>Items To Be Reclassified in Profit or Loss</b>		<b>7.083.729</b>	<b>6.890.051</b>
Foreign Currency Translation Adjustment	<b>27</b>	7.083.729	6.890.051
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		-	-
Period Tax Expense/Income		-	-
Deferred Tax Expense/Income		-	-
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>5.013.988</b>	<b>11.875.677</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>35.299.261</b>	<b>47.526.506</b>
<b>Distribution of Comprehensive Income</b>		<b>35.299.261</b>	<b>47.526.506</b>
Non-Controlling Interests		27.042	(121.670)
Parent Company		35.272.219	47.648.176

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, 2016

(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
<b>Balance At January 1, 2016</b>		125.000.000	51.466.039	16.508.391	498.046
Adjustments Regarding Change in Accounting Policies		-	-	-	-
Adjustments Regarding Misstatements		-	-	-	-
Other Adjustments		-	-	-	-
<b>Amounts After Adjustments</b>		125.000.000	51.466.039	16.508.391	498.046
Transfers	27	-	-	-	-
Capital Increase		-	-	-	-
Dividends		-	-	-	-
Transactions with Non- Controlling Shareholders		-	-	-	-
<b>Total Comprehensive Income</b>		-	-	(1.617.295)	(448.490)
Net Period Profit		-	-	-	-
Other Comprehensive Income/ Expenses		-	-	(1.617.295)	(448.490)
<b>Balance At December 31, 2016</b>		125.000.000	51.466.039	14.891.096	49.556

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
<b>Balance At January 1, 2015</b>		100.000.000	51.466.039	11.302.055	717.841
Adjustments Regarding Change in Accounting Policies		-	-	-	-
Adjustments Regarding Misstatements		-	-	-	-
<b>Other Adjustments</b>		-	-	-	-
<b>Amounts After Adjustments</b>		100.000.000	51.466.039	11.302.055	717.841
Transfers	27	-	-	-	-
Capital Increase		25.000.000	-	-	-
Dividends		-	-	-	-
<b>Total Comprehensive Income</b>		-	-	5.206.336	(219.795)
Net Period Profit		-	-	-	-
Other Comprehensive Income Expenses		-	-	5.206.336	(219.795)
<b>Balance At December 31, 2015</b>		125.000.000	51.466.039	16.508.391	498.046

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

Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	Restricted Reserves			Accumulated Profit			
	Foreign Currency Translation Adjustments	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
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

Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	Restricted Reserves			Accumulated Profit			
	Foreign Currency Translation Adjustments	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
7.845.059	22.551.971	27.522.723	85.153.905	24.334.768	330.894.361	97.555	330.991.916
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7.845.059	22.551.971	27.522.723	85.153.905	24.334.768	330.894.361	97.555	330.991.916
-	2.231.614	-	22.103.154	(24.334.768)	-	-	-
-	-	(24.941.351)	(58.649)	-	-	-	-
-	-	-	(14.909.476)	-	(14.909.476)	(14.234)	(14.923.710)
6.890.057	-	-	-	35.771.578	47.648.176	(121.670)	47.526.506
-	-	-	-	35.771.578	35.771.578	(120.749)	35.650.829
6.890.057	-	-	-	-	11.876.598	(921)	11.875.677
14.735.116	24.783.585	2.581.372	92.288.934	35.771.578	363.633.061	(38.349)	363.594.712

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR

### THE PERIOD ENDED DECEMBER 31, 2016

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

	Notes	Audited Current Period 01.01.2016 31.12.2016	Audited Previous Period 01.01.2015 31.12.2015
<b>A) CASH FLOW PROVIDED FROM OPERATIONS</b>		<b>17.009.055</b>	<b>96.775.418</b>
Net Profit / (Loss)		30.285.273	35.650.829
Period Profit/Loss from Continued Operations		30.285.273	35.650.829
Period Profit/Loss from Discontinued Operations		-	-
<b>Adjustments Regarding:</b>		<b>98.127.790</b>	<b>126.731.720</b>
Depreciation and Amortization (+)	18,19	20.063.360	16.751.507
Interest Income and Interest Expenses	33	41.659.305	39.775.878
Interest Income	33	(1.938.762)	(1.480.002)
Interest Expenses	33	43.598.067	41.255.880
Cancellation of Impairment	13, 31	(2.857.145)	(5.366.316)
Impairment of Receivables	10	17.287.015	2.505.408
Other Impairments	11	(731.898)	(40.678)
Impairment of Inventories	31	(6.932.262)	2.883.954
Impairment of Investment Property	31	(12.480.000)	(10.715.000)
Adjustments regarding Provisions	24	6.089.171	5.168.670
Employee Benefit Provisions(Cancellations)	12, 24	6.373.940	4.136.901
Other Provisions (Cancellations)	22	(284.769)	1.031.769
Tax (Income) / Expense	35	8.195.391	8.760.139
Unrealized Foreign Exchange Differences		28.373.624	43.630.701
Fair Value Losses/Gains	14	(9.890.148)	21.082.359
Loss/Gain of Fair Values of Derivative Financial Instruments	14	(9.890.148)	21.082.359
Undistributed Profits of Investments valued by equity method	16	6.494.232	(2.357.110)
Gain/Loss of Fixed Assets	32	-	(714.108)
<b>Operational Income before Changes in Working Capital(+)</b>		<b>(101.923.772)</b>	<b>(51.238.673)</b>
Increase in Trade Receivables /Other Receivables (-)	10	5.666.957	(28.937.435)
Increase in Trade Receivables from Related Parties		(305.961)	-
Increase in Trade Receivables from Unrelated Parties		5.972.917	(28.937.435)
Decrease / Increase in Inventories (+), (-)	13	(127.395.357)	(22.406.414)
Decrease/ Increase in Derivative Instruments	14	1.872.118	-
Decrease/ (Increase) in Other Receivables Related to Activities	11	127.561	-
Increase/Decrease in Trade Payables	10	64.752.310	4.463.888
Increase/Decrease in Trade Payables to Related Parties		-	-
Increase/Decrease in Trade Payables to Unrelated Parties		64.752.310	4.463.888
Increase/Decrease in Other Payables Regarding Activities	11,20,22	4.033.284	-
Increase/Decrease in Other Payables to Related Parties		-	-
Increase/Decrease in Other Payables to Unrelated Parties		4.033.284	-
Prepaid Expenses Increase (-) /Decrease(+)	26	(24.508.459)	(109.609)
Employee Benefit Obligation Increase (-) / Decrease (+)	24	813.737	(10.724)
Deferred Income increase (-) / decrease (+)	26	(26.129.447)	7.784.150
Other Increase and Decrease in Working Capital (+) / (-)		(1.156.476)	(12.022.530)
<b>Net Cash Inflow Provided/(Used) From Operating Activities:</b>		<b>26.489.291</b>	<b>111.143.875</b>
<b>Payments Regarding Employee Benefit Provisions</b>	<b>24</b>	<b>(2.590.953)</b>	<b>(1.508.011)</b>
<b>Tax Returns ( Payables)</b>		<b>(6.889.283)</b>	<b>(12.860.446)</b>
<b>B) CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(15.338.019)</b>	<b>(60.349.144)</b>
Acquisitions of Tangible Assets and Investment Property (-)	18,19	27.799	726.225
Tangible Assets Disposals (+) and Intangible Assets Disposals	18,19	(15.365.818)	(61.075.369)
<b>C)CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		<b>(14.161.590)</b>	<b>(66.040.271)</b>
Cash Inflows from Borrowings	8	1.240.873.555	1.420.640.558
Cash Outflows from Debt Payments	8	(1.209.617.951)	(1.421.863.307)
Cash Inflows from Derivative Instruments	14	34.101.303	-
Cash Outflows from Derivative Instruments	14	(24.211.155)	(21.342.188)
Dividend Paid (-)	27	(20.362.723)	(14.909.476)
Payment of Interest (Net)	33	(34.944.619)	(28.565.857)
<b>Net Decrease/Increase in Cash and Cash Equivalents Before Currency Translation Differences</b>		<b>(12.490.554)</b>	<b>(29.613.997)</b>
<b>Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents</b>		<b>4.264.843</b>	<b>7.579.767</b>
<b>Net Changes in Cash and Cash Equivalents</b>		<b>(8.225.711)</b>	<b>(22.034.230)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6</b>	<b>34.704.244</b>	<b>56.680.877</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>26.478.533</b>	<b>34.646.647</b>

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, 2016

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

#### NOTE 1 ORGANIZATION AND BUSINESS SEGMENT

Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.Ş. (The Company) was established on May 3, 1972 and company shares are traded on the Borsa Istanbul (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 Darıca 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, 2016 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.	Non-Operational And Receives Participation 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

(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 859. (December 31, 2015: 988)

	December 31, 2016	December 31, 2015
Unionized employees	572	494
Non-unionized employees	26	132
White-collared employees	386	372
<b>Total</b>	<b>984</b>	<b>998</b>

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 2016 were approved at the meeting which was held on 13 March 2017. 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.

(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, 2016

(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, 2016 and December 31, 2015 are as follows;

#### 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. <sup>(*)</sup>	%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 A.Ş. The group has decided to increase its subsidiary's Sark Bulgaria AD's capital to 6.000.000 Bulgarian Levs by raising 5.500.000 Bulgarian Levs in the Extraordinary General Assembly which was held on December 1, 2016. 25% of the issued capital was paid in advance and the remaining amount will be paid within two years, which is the legal period according to the Bulgarian Commercial Code.

#### December 31, 2015

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
Bemka Emaye Bobin Teli ve Kablo San. Tic. A.Ş.	%57,30	%36,87	%94,17

**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 ve 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.



(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, 2016 and December 31, 2015.

**December 31, 2016**

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

**December 31, 2015**

<b>Subsidiary Name</b>	<b>Direct Shares Owned by Parent Company</b>	<b>Indirect Shares Owned by Parent Company</b>	<b>Total Shares</b>
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.

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**

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 31,2015.**

Classifications made in Financial Statements as of December 31,2015 are as follows:

- Liabilities regarding employee benefits amounting to TL 2.541.874 in other liabilities as of December 31, 2015 are reclassified to Payables under Employee Benefits.
- The Deferred Tax Liability amounting to TL 1.592.882 which is netted in Deferred Tax Assets as of December 31,2015 is reclassified in Payables regarding deferred tax liabilities.

Cash flow statement of the previous period of the Company has been subjected to some classification changes within the scope of TAS Taxonomy stated in the notes of "2.01 Basis of Presentation"

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

(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. According to the accounting principles disclosed in **Note 2.11**, the goodwill is reviewed annually by the group management. The recoverable amount of cash generating units are based on the calculations of value in use. There are certain assumptions made for these calculations which are disclosed in the **Note 20**.
- e. The impairment for the trade receivables is determined using the credibility of debtors, previous payment performances and restructuring terms in case of restructure. **(Note:10)**
- f. 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)**
- g. The Group has chosen to use the revaluation model for Investment Properties in the accompanying consolidated financial statements.

#### 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.

(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.

(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 Inventories

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 following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

Type	Economic Life (Year)	Depreciation Rates as of December 31, 2016 (%)	Depreciation Rates as of December 31, 2015 (%)
Land Improvements	25	4	4
Buildings	50	2	2
Machinery, Plant, and Equipment	12,5	8	8
Furniture and Fixtures	5	20	20
Vehicles	5	20	20
Other Tangible Assets	5	20	20
Leasehold improvements	5	20	20
Acquisition of Leased Assets	8-10	10-12,5	10-12,5



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

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.

#### 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)	Amortization Rates as of December 31, 2016 (%)	Amortization Rates as of December 31, 2015 (%)
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

None.

##### II) Operational Leasing

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

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

#### *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. **(Note: 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.

The costs of R&D projects, which fulfill the criteria mentioned above, are capitalized by linear depreciation method. The total amount which the Group capitalized during 2016 is TL 916.332 (December 31, 2015: TL 498.241)

#### 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 or sale 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.

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

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.

#### *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*

Debt instruments, which the Group has the intention and capability to hold to maturity, and/or have fixed or determinable payment arrangement are classified as "Investments Held to the Maturity". Financial asset that will be held to the maturity, are recorded after deducting the impairment from the cost basis, which has been amortized with prevailing interest method. All relevant income is calculated using the prevailing interest method.

#### *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.

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

#### 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.

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

#### *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.



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

#### 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 Company 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)**

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

#### 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.

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

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.

#### **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.

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

#### 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.

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

The financial statements of Group's subsidiaries operating in The United States of America are converted from foreign currency into TL as of December 31, 2016 and December 31, 2015 the foreign currencies and TL equivalents are as follows:

As of December 31, 2016 and December 31, 2015 the foreign currencies (USD) are as follows:

#### **Period-End**

December 31, 2016	3,5192
December 31, 2015	2,9076

As of December 31, 2016 and December 31, 2015 the foreign average currencies and TL equivalents are as follows:

#### **Average Rate**

January 1, 2016 – December 31, 2016	3,0160
January 1, 2015 – December 31, 2015	2,7200

#### **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**

The accounting policies adopted in financial tables of the period ending as of December 31, 2016 has been applied as of January 1, 2016 coherently with the new and revised effective standards and the comments used in previous years except the ones by TFRYK (Turkish Financial Reporting Board). Effects of these standards and comments on financial situation and performance of Group are explained in related sections.

#### **New effective standards, revisions and comments as of January 1, 2016 are below:**

**Equity Capital Management in Individual Financial Tables (IAS 27- Revisions):** The revisions permits that the equity capital management is used in individual financial tables. No effects by the revisions on the financial tables are expected.

**Sales or contributions of assets between an investor and its associate or joint venture (IFRS 10, IAS 28- Revisions):** The revisions are about the relationships of consolidation and equity capital method applications. No effects by the revisions on the financial tables are expected.

**Investment entities : Application of Consolidation Exemption (IFRS 10, IFRS 12 and IAS 28 – Revisions):** As a result of the revision, it is permitted that interference investment entities are consolidated. No effects by the revisions on the financial tables are expected.

**IFRS 11 Obtaining Shares in Joint Activities (Revision):** It has been revised to be a guide for share obtaining accounting in joint activities whose operation constitutes a business as it is specified in IFRS 3 "Business Combinations". The revision shall have no effects on financial tables.



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

**Presentation of Financial Statements (IAS 1- Revisions):** It clarifies the requirements provided in IAS 1. No effects by the revisions on the financial tables are expected.

**IAS 16 and IAS 38 Acceptable Depreciation and Clarification of Depreciation Methods (Revision):** The revisions has forbidden the depreciation accounting for financial tangible properties and limited the use of depreciation accounting based on revenue for non-financial tangible significantly. The revision shall have no effects on financial tables.

#### **Annual Improvements – 2012-2014 Period**

**IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (Revision):** It gives annotations regarding the cases where tangible assets held for sale are classified as an asset held for distribution to owners or the other way around and the cases where the assets are stopped being held for distribution to owners. The revision shall have no effects on financial tables.

**IFRS 7 "Financial Instruments: Explanations" (Revision):** It gives additional information to clarify if a service agreement is continuation of transferred assets and netting in interim financial reports. The revision shall have no effects on financial tables.

**IAS 34 "Interim Financial Reporting" (Revisions):** It clarifies the explanation "in another segment in interim financial reporting. The revision shall have no effects on financial tables.

**IAS 19 "Employee Benefits" (Revision):** It outlines that the market depth of high quality corporate bills shall be evaluated in the currency of the country the debt has been carried to, rather than currency of the country the debt exists. The revision shall have no effects on financial tables.

**IFRS 14 Regulatory Deferral Accounts:** According to IFRS Deferment Account Based on Regulation, IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to recognize, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous generally accepted accounting standards, both on initial adoption of IFRS and in subsequent financial statements. IFRS 14 caused some changes in related parts of IFRS 1 standards. No effects by the revisions on the financial tables are expected.

#### **Issued but non-effective standards and the standards which are not put into effect earlier**

The standards and revisions that have been issued as of the date when the financial tables were confirmed but haven't been put into effect yet for the current reporting period and have not been put into effect earlier by Group are below. Unless indicated otherwise, after the new standards and comments are put into effect, Group is going to make the necessary revisions in a way that will affect its financial tables and footnotes.

**IFRS 9 Financial Instruments (Classification and Explanation):** Its effect has been postponed until January 1, 2018. The revision shall affect the classification and measurements of financial assets, and the measurements of financial commitments which is measured by reflecting the fair value on the profit or loss. Earlier application is permitted. The possible effects on financial tables are being evaluated.

**IFRS 15 "Revenue from Contracts with Customers":** The standard has been published in September, 201. The new five-step model in the standard explains the necessities related to revenue recognition and measurement. The standard constitutes a model for recognition and measurement of the sales of some non-financial assets (for example financial tangible asset outlet) which shall be applied to revenue from customers and which are not related to usual operations of a company. IFRS 15 shall be applied to the annual accounting periods which come after January 1, 2018. Early application shall be possible. Its possible effects on financial tables are being evaluated.

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

**IFRS 9 "Financial Instruments" (Final Standard):** This standard, published in January 2017, is a replacement of IAS 39 standard which was about classification and measurement of assets and obligations. IFRS 9 presents two models related to depreciated value and fair value. While all of the equity instruments are measured by its fair value, debt instruments are measured by depreciated value if the contractual cash revenue is collected by the Company and this cash revenue includes the interest and the capital. For the liabilities, the standard maintains many applications including depreciated cost management and disintegration of embedded derivatives in IAS 39. It shall be applied on January 1, 2018. Its possible effects on financial tables are being evaluated.

**Summary of the new and corrected standards, revisions and comments issued by International Accounting Standards Institution ("UMSK") but have not been issued by Public Oversight Accounting and Auditing Standards Authority ("KGK"):**

**IFRS 16 "Leases":** IAS 17, IFRS Comment 4, IAS Comment 15 and IAS Comment 27 shall be abolished with the standard issued in January, 2016 being put into effect. IFRS 16 shall be applied to the accounting periods starting on January 1, 2019 and the accounting periods coming after this date. Early application is permitted. The company choosing the early application have to apply IFRS 15 standard early, too. Its possible effects on financial tables are being evaluated.

**IFRS 22 "Foreign Currency Transactions and Advances:** The interpretation clarifies that transaction date for assets or liabilities which are in foreign currency and recognized for non-monetary prepaid expenses or advances received will be the first recognition date of asset related to pre-payment or liability related to deferred revenue. It shall be applied on the annual accounting periods which come after January 1, 2018. Earlier application is permitted. The possible effects on financial tables are being evaluated.

**IAS 12 "Income Taxes" (Revisions):** The revisions have been published in January 2016. The aim of the publication of revisions is removing the distinctions in implementation regarding tax assets recognition for unrealized losses. It shall be retrospectively applied on January 1, 2017 or to the annual accounting periods which come after January 1, 2017. Its possible effects on financial tables are being evaluated.

**IAS 7 "Cash Flow Statements" (Revisions):** The revisions have been published in January 2016. The aim of the revisions is enhancing the information for financial statement users about Company's financial operations. It shall be applied on January 1, 2017 or to the annual accounting periods which come after January 1, 2017. Its possible effects on financial tables are being evaluated.

**IFRS 2 "Classification and Measurement of Share-based Payment" (Revision):** The revisions have been published in January 2016. It shall be applied on January 1, 2018 or to the annual accounting periods which come after January 1, 2018. It explains the measurement bases of cash settled share based payment transaction and the way of recognition of changes which turn a rewarding from cash settled to equity settled. Its possible effects on financial tables are being evaluated.

**IAS 40 "Transfer of Investment Property":** Changes in IAS 40 Investment Property Standard has been made by IASC for disambiguating the events which are admitted as evidence for the transfer of investment properties to other assets and transfer of other assets to investment properties. It shall be applied on the annual accounting periods which come after January 1, 2018. Earlier application is permitted. The possible effects on financial tables are being evaluated.

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

#### **Annual Improvements - 2014-2016 Period**

Revisions will be applied from January 1, 2018. The possible effects on financial tables are being evaluated.

- IFRS 1 "First Application of International Financial Reporting Standards"
- UFRS 12 "Explanation for Investments in Other Enterprises"
- IAS 28 "Investments in Subsidiaries and Joint Ventures"

#### **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

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### NOTE 5 SEGMENT REPORTING

The group's operating segments based on profit / loss summary as of December 31, 2016 and December 31, 2015 are as follows:

##### 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	(841.605.464)	2.890.595.687
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)
<b>Gross Profit/Loss</b>	<b>118.075.669</b>	<b>3.910.573</b>	<b>4.211.334</b>	<b>1.171.023</b>	<b>1.464.483</b>	<b>2.080.876</b>	<b>130.913.958</b>	<b>(25.057.546)</b>	<b>105.856.412</b>

##### December 31, 2015

	Copper	Enameled Copper Wire	CTC Wire	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	January 1, 2015 December 31, 2015
Revenue	3.419.844.585	162.934.283	26.636.433	4.601.015	5.682.427	8.321.379	3.628.020.122	(901.382.615)	2.726.637.507
Cost of Sales	(3.226.824.527)	(156.120.932)	(21.813.852)	(3.250.464)	(3.414.638)	(5.536.462)	(3.416.960.875)	815.535.966	(2.601.424.909)
<b>Gross Profit/Loss</b>	<b>193.020.058</b>	<b>6.813.351</b>	<b>4.822.581</b>	<b>1.350.551</b>	<b>2.267.789</b>	<b>2.784.917</b>	<b>211.059.247</b>	<b>(85.846.649)</b>	<b>125.212.598</b>

#### NOTE 6 CASH AND CASH EQUIVALENTS

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

Account Name	December 31, 2016	December 31, 2015
Cash	21.913	17.850
Bank	26.498.333	34.686.289
-Demand Deposits	11.901.703	17.732.394
-Time Deposits	14.596.630	16.953.895
Other	90	105
<b>Total</b>	<b>26.520.336</b>	<b>34.704.244</b>

There is no blocked deposit as of December 31, 2016.

Accrued interest income related to time deposits which are calculated effective interest method is TL 41.803 as of December 31, 2016. (December 31, 2015: TL 57.597)

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

Cash and cash equivalents presented in the statement of cash flows as of December 31, 2016 and December 31, 2015 is as follows;

Account Name	December 31, 2016	December 31, 2015
Amount Stated in Statement of Financial Position	26.520.336	34.704.244
Accrued Interest Income	(41.803)	(57.597)
<b>Total</b>	<b>26.478.533</b>	<b>34.646.647</b>

Maturity analysis of bank deposits is as follows:

Account Name	December 31, 2016	December 31, 2015
Demand Deposits	11.901.703	17.732.394
1-30 days	8.161.170	16.953.895
30-90 days	6.435.460	-
<b>Total</b>	<b>26.498.333</b>	<b>34.686.289</b>

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

Currency	31.12.2016		31.12.2015	
	Amount	Interest rate	Amount	Interest rate
TL	12.293.259	% 11,14- % 13,56	11.713.545	% 6,57- %14,74
USD	351.922	0,18 %	5.240.350	% 0,01- %0,25
EURO	1.951.449	% 0,30- % 1,00	-	-
<b>Total</b>	<b>14.596.630</b>		<b>16.953.895</b>	

#### NOTE 7 FINANCIAL INVESTMENTS

##### I) Short Term Financial Investments

None.



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

**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, 2016 and December 31, 2015 are as follows,

**December 31, 2016**

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

**December 31, 2015**

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

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:

<b>Long-Term Securities</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Opening Balance	24.558	11.797
Additions	-	12.769
Disposals (-)	-	(8)
<b>Closing Balance</b>	<b>24.558</b>	<b>24.558</b>

When the fair values of Available for Sale Financial Assets cannot be measured reliably due to the conditions that these assets are either not traded in an active market or other methods which are used for fair value calculation are not applicable, the recorded value of these assets are the acquisition costs less the impairments.

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

**NOTE 8 FINANCIAL LIABILITIES**

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Bank Loans	388.051.775	384.054.067
Short-Term Proportion of Long Term Bank Loans	61.503.210	22.210.728
Lease Obligations	69.259	57.222
Deferred Leasing Costs (-)	(2.485)	(2.060)
<b>Total</b>	<b>449.621.759</b>	<b>406.319.957</b>

Bank loans are reflected in accompanying financial statements with their amortized cost amounts. The provision for credit interest calculated by effective interest method is TL 2.074.957 as of December 31, 2016. (December 31, 2015: TL 4.932.355).

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Bank Loans	123.767.197	91.292.918
Lease Obligations	97.644	137.897
Deferred Leasing Costs (-)	(10.865)	(19.320)
<b>Total</b>	<b>123.853.976</b>	<b>91.411.495</b>

a) The maturities of bank loans are as follows:

<b>Loans</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
0-3 months	195.415.274	161.230.844
4-12 months	254.139.711	245.033.951
13-36 months	116.668.302	76.147.218
37-60 months	7.098.895	15.145.700
<b>TOTAL</b>	<b>573.322.182</b>	<b>497.557.713</b>

<b>Finance Lease Payables</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
0-3 months	17.154	14.305
4-12 months	49.621	40.857
13-36 months	86.778	94.744
37-60 months	-	23.833
<b>TOTAL</b>	<b>153.553</b>	<b>173.739</b>

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

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

#### December 31, 2016

##### Loans

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	212.274.730	%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%
<b>Total (Short-Term)</b>		<b>388.051.775</b>	

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
<b>Total (Long-Term)</b>		<b>61.503.210</b>	

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
<b>Total (Short-term Payment of Long-term Credits)</b>		<b>123.767.197</b>	

#### Finance Lease Payables

Short-Term (1-12 months)	Foreign Currency Amount	Amount in TL
Leasing Payables USD	19.680	69.259
<b>Total of Leasing Payables</b>		<b>69.259</b>
Interest Payables of Deferred Leasing Costs (-) USD	(706)	(2.485)
<b>Total of Interest Payables of Deferred Leasing Costs</b>		<b>(2.485)</b>
<b>TOTAL</b>		<b>66.774</b>
Long-Term (1-3 years )	Foreign Currency Amount	Amount in TL
Leasing Payables USD	27.746	97.644
<b>Total of Leasing Payables</b>		<b>97.644</b>
Interest Payables of Deferred Leasing Costs (-) USD	(3.087)	(10.865)
<b>Total of Interest Payables of Deferred Leasing Costs</b>		<b>(10.865)</b>
<b>TOTAL</b>		<b>86.779</b>

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### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### December 31, 2015

##### Loans

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	208.026.607	%7,38-%17,27
USD Loans	32.900.431	95.661.294	%1,19-%1,74
EURO Loans	19.865.727	63.125.334	%0,79-%2,82
GBP Loans	4.008.843	17.240.832	%3,17
<b>Total (Short-Term)</b>		<b>384.054.067</b>	

Type	Foreign Currency Amount	Amount in TL	Effective Interest Rate (%)
TL Loans	-	1.929.241	%13,93
USD Loans	4.805.754	13.973.211	%2,44-%3,84
EURO Loans	1.985.233	6.308.276	%2,14-%2,44
<b>Total( Short Term Proportion of Long Term Loans)</b>		<b>22.210.728</b>	

Type	Foreign Currency Amount	Amount in TL	Effective Interest Rate (%)
TL Loans	-	29.021.713	%13,29-%13,93
USD Loans	15.347.283	44.623.760	2,44%-3,84%
EURO Loans	5.553.703	17.647.445	2,14%-2,44%
<b>Total (Long- Term )</b>		<b>91.292.918</b>	

##### Finance Lease Payables

Short-Term (1-12 months)	Foreign Currency Amount	Amount in TL
Leasing Payables USD		19.680
<b>Total of Leasing Payables</b>		<b>57.222</b>
Interest Payables of Deferred Leasing Costs (-) USD		(709)
<b>Total of Interest Payables of Deferred Leasing Costs</b>		<b>(2.060)</b>
<b>Total</b>		<b>55.162</b>

Long Term (1-3 years)	Foreign Currency Amount	TL Tutarı
Leasing Payables USD		47.426
<b>Total of Leasing Payables</b>		<b>137.897</b>
Interest Payables of Deferred Leasing Costs (-) USD		(6.645)
<b>Total of Interest Payables of Deferred Leasing Costs</b>		<b>(19.320)</b>
<b>Total</b>		<b>118.577</b>

#### NOTE 9 OTHER FINANCIAL LIABILITIES

None.

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

**NOTE 10 TRADE RECEIVABLES AND PAYABLES**

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Trade Receivables	349.902.011	349.610.194
- Trade Receivables from Related Parties(Note:37)	909.458	603.497
- Other	348.992.553	349.006.697
Notes Receivable	37.842.889	43.801.663
Discount on Notes Receivable (-)	(1.229.438)	(2.039.939)
Provision for Doubtful Receivables (-)	(31.483.666)	(14.196.651)
<b>Total</b>	<b>355.031.796</b>	<b>377.175.267</b>

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 26 days (December 31, 2015: 49 days). Domestic sales and abroad is guaranteed by Exim Bank, Hermes and Factoring. 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 31.483.666 ( Note : 31) (December 31, 2015: TL 14.196.651)

Receivables are recognized by amortized cost amounts. The discount rates are %9,60 % for TL receivables, % 1,69 for USD receivables and %0,78 for GBP receivables. (December 31, 2015: TL: % 11,00, Euro: % 0,05929, USD : % 1,17800, GBP : % 1,07025)

**Doubtful Receivables are as follows:**

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Opening Balance	(14.196.651)	(10.323.255)
Provisions no Longer Required	203.220	559.902
Exchange Difference	(402.163)	(618.808)
Cancel	2.765	533.904
Cancelled Provisions	-	3.499.124
Period Expense	(17.090.837)	(7.847.518)
<b>Closing Balance</b>	<b>(31.483.666)</b>	<b>(14.196.651)</b>

The group has no Long-term Trade Receivables.



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

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Trade Payables	105.664.611	40.314.719
Notes Payables	123.193	132.552
Rediscount on Notes Payable (-)	(177.954)	(256.557)
Expense Accruals	22.695	847.131 <sup>(*)</sup>
Other Trade Payables	305.660	69.448
<b>Total</b>	<b>105.938.205</b>	<b>41.107.293</b>

(\*) Accrued expenses is consist of TL 330.669 from provision of sale of foreign exchange for commission and the remaining portion of TL 516.462 from other accrued expenses.

Payables are recognized by amortized cost amounts. The discount rates are 9,60 % for TL receivables December 31, 2015: TL:11,00 % )

Average maturity of purchasing of the Group from its suppliers is 6 days. (December 31, 2015: 5 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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Deposits and Guarantees Given	165.800	133.817
Receivables from Tax Administration (*)	44.387.455	45.328.722
Receivables from Personnel	48.878	108.250
Other	790.375	85.144
<b>Total</b>	<b>45.392.508</b>	<b>45.655.933</b>

(\*) Receivables from Tax Administration is TL 44.387.455 (December 31, 2015 : TL 45.328.722). TL 41.274.703 amount consists of VAT returns, the remaining TL 3.112.752 is composed of other receivables from Tax Administration. TL 7.963.004 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:

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Deposits and Guarantees Given	258.367	122.503
<b>Total</b>	<b>258.367</b>	<b>122.503</b>

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Other Payables	5.817.163	1.459.441
- Other	5.817.163	1.459.441
Deposits and Guarantees Taken	17.350	16.126
Taxes and Funds Payable	221.094	952.000
Social Security Institution Payable	45.288	-
<b>Total</b>	<b>6.100.895</b>	<b>2.427.567</b>

The Group has no other Long-term Payables.

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

**NOTE 12 PAYABLES RELATED TO EMPLOYEE BENEFITS**

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Due to Personnel	771.644	186.633
Taxes and Funds Payable	1.275.734	1.172.590
Social Security Institution Payable	1.494.866	1.369.284
<b>Total</b>	<b>3.542.244</b>	<b>2.728.507</b>

**NOTE 13 INVENTORIES**

Inventory balances for periods ended are as follows:

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Raw Materials	67.089.399	35.833.911
Semi-finished Goods	102.741.523	16.359.184
Finished Goods	152.412.185	140.956.955
Other Inventories	177.643	1.875.343
Provisions for Impairment of Inventories (-)	-	(6.932.262)
<b>Total</b>	<b>322.420.750</b>	<b>188.093.131</b>

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.

A significant portion of the Group's inventories are stock with metal content of copper etc. and prices are consist of London Metal Exchange (LME) such international markets. In accordance with stocks of the London Metal Exchange (LME) based on the selling prices, group Management have made an assessment and costs amounting to TL 6.932.262 made provision for impairment of inventories is higher than the selling price.

**Movement of Provision for Decrease in Value of Inventories:**

	<b>January 1, 2016</b>	<b>January 1, 2015</b>
	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Opening Balance	(6.932.262)	(4.048.308)
Provision for the Current Period(-)	-	(6.932.262)
Provisions no longer required	6.932.262	4.048.308
<b>Total</b>	<b>-</b>	<b>(6.932.262)</b>

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

**NOTE 14 DERIVATIVE INSTRUMENTS**

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. Most of these derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss realized from the increase or decrease in the fair value of the derivative instruments which do not meet the conditions for hedge accounting is recognized in profit or loss.

**Derivative Contracts:**

The Group has made derivative contracts in order to area of activity. Derivative financial instruments are a financial contract between two parties and its payments changes in a specified interest rate, commodity price, foreign Exchange rate, index of rates. Derivative Financial Instruments contains foreign currency forward and selling, swap and options contracts.

**December 31, 2016**

As of December 31, 2016 the Group has foreign currency forward options with maturities, for which a total of USD 7.336.440 with EURO 5.000.000, TL 860.535 and GBP 1.100.000 against selling the Group has assets that amounts TL 1.643.824 in accordance with these contracts.

In accordance with the SWAP contract Group has interest income amounting to TL 2.909.500 instead of interest expense amounting to 30.178 EURO, consequence of these transactions Group has assets amounting to TL 3.021.457.

As a trading hedge transaction, the group has realized USD 6.003.214, EURO 4.298.344 sale transactions in return for purchasing USD 6.055.237 and EURO 4.041.588. The group has amount of TRY 769.459 from these transactions. In addition, for commercial purposes, the group has realized USD 8.574.917, EURO 10.384.592 and GBP 111.582 sale transactions in return for purchasing USD 7.704.331, EURO 8.655.578, GBP 114.102.

The group has amount of TRY 769.459 from these transactions. The group has amount of TRY 9.467.354 from these transactions. A hedge income realized for commercial purposes is classified in inventories.

**December 31, 2015**

As of December 31, 2015 the Group has foreign currency forward options with maturities, for which a total of USD 21.146.994 with EURO 14.700.000, TL 9.869.368 and GBP 875.000 against selling the Group has assets that amounts TL 1.143.799 in accordance with these contracts.

In accordance with the SWAP contract Group has interest income amounting to TL 146.625 instead of interest expense amounting to 8.333 EURO, consequence of these transactions Group has assets amounting to TL 120.145.

The assets and liabilities in relation to derivative financial instrument are as follows:

	December 31, 2016		December 31, 2015	
	Asset	Liability	Asset	Liability
Forward Contracts	1.643.824	-	1.143.799	-
Commodity Swaps as Hedge Instruments	769.459	-	-	-
SWAP Contracts	-	(3.021.457)	120.145	-
<b>Total</b>	<b>2.413.283</b>	<b>(3.021.457)</b>	<b>1.263.944</b>	<b>-</b>

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

**NOTE 15 CONSTRUCTION CONTRACTS IN PROGRESS**

None.

**NOTE 16 INVESTMENTS EVALUATED BY EQUITY METHOD****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
<b>Total</b>		-	<b>25.066.364</b>

**31 Aralık 2015**

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2015 Net Value in Statement of Financial Position
Demisaş	44,44	-	33.292.327
<b>Total</b>		-	<b>33.292.327</b>

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Opening Balance – January 1	33.292.327	32.804.604
Share from Current Period Profit	(6.494.232)	2.357.110
Dividend Payments (-)	(1.283.241)	(1.649.592)
Share from Other Comprehensive Income	(448.490)	(219.795)
<b>Closing Balance –as of December 31</b>	<b>25.066.364</b>	<b>33.292.327</b>

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

	December 31, 2016	December 31, 2015
Total Assets	203.398.090	180.192.436
Shareholders' Equity	56.404.959	74.915.221
Net Sales	191.488.070	183.994.606

**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, 2016 and December 31, 2015 is as follows.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### December 31, 2016

Asset Value	Opening Balance January 1, 2016	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2016
<b>Land and Properties</b>	<b>26.290.000</b>	<b>6.545.000</b>	-	-	-	<b>32.835.000</b>
Lands	26.290.000	6.545.000	-	-	-	32.835.000
<b>Buildings</b>	<b>19.857.755</b>	<b>5.935.000</b>	-	-	-	<b>25.792.755</b>
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	2.120.000	200.000	-	-	-	2.320.000
Gebze	37.755	-	-	-	-	37.755
<b>TOTAL</b>	<b>46.147.755</b>	<b>12.480.000</b>	-	-	-	<b>58.627.755</b>

#### December 31, 2015

Asset Value	Opening Balance January 1, 2015	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2015
<b>Land and Properties</b>	<b>18.720.000</b>	<b>7.570.000</b>	-	-	-	<b>26.290.000</b>
Lands	18.720.000	7.570.000	-	-	-	26.290.000
<b>Buildings</b>	<b>16.712.755</b>	<b>3.145.000</b>	-	-	-	<b>19.857.755</b>
Gebze Warehouse	6.495.000	1.335.000	-	-	-	7.830.000
Pendik Plants	8.315.000	1.555.000	-	-	-	9.870.000
Perpa Trade Center Office	1.865.000	255.000	-	-	-	2.120.000
Gebze	37.755	-	-	-	-	37.755
<b>TOTAL</b>	<b>35.432.755</b>	<b>10.715.000</b>	-	-	-	<b>46.147.755</b>

TYPE	Fair Value	Appreciation	Increase in Value Reflected to Equity	Deferred Tax Effect	Net Difference Reflected to Equity		Value Increase Fund Reflected to Statement of Profit or Loss	
					Previous Period	Current Period	Previous Period	Current Period
Buildings	25.792.755	5.935.000	-	296.750	-	-	7.825.000	5.935.000
Lands	32.835.000	6.545.000	-	327.250	-	-	2.890.000	6.545.000
<b>Total</b>	<b>58.627.755</b>	<b>12.480.000</b>	-	<b>624.000</b>	-	-	<b>10.715.000</b>	<b>12.480.000</b>

Fair value difference amounting to TL 12.480.000 which was reflected to statement of profit or loss. (December 31, 2015 :TL 10.715.000)

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



# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### December 31, 2015

TYPE	Fair Value	Appreciation	Increase in Value Reflected to Equity	Deferred Tax Effect	Net Difference Reflected to Equity		Value Increase Fund Reflected to Statement of Profit or Loss	
					Previous Period	Current Period	Previous Period	Current Period
Buildings	28.410.000	25.801.659	8.330.849	416.544	1.748.848	-	3.475.000	7.825.000
Lands	17.737.755	16.007.950	5.212.345	260.617	-	-	775.000	2.890.000
<b>Total</b>	<b>46.147.755</b>	<b>41.809.609</b>	<b>13.543.194</b>	<b>677.161</b>	<b>1.748.848</b>	<b>-</b>	<b>4.250.000</b>	<b>10.715.000</b>

Fair value difference amounting to TL 10.715.000 which was reflected to statement of profit or loss (December 31,2014:TL 4.250.000)

The fair market value of lands and buildings which are amongst the investment property are based on the expertise report written on February 2016 by Elit Gayrimenkul Değerleme A.Ş.

The Investment Property of Group as of December 31, 2016 and December 31, 2015 are listed as follow:

#### December 31, 2016

City	Providence	Village	Deed (m <sup>2</sup> )	Receiving Date
Kocaeli (a)	Gebze	Sirasöğütler	8.198,54	30.06.2000
İstanbul (b)	Pendik	Ortamahalle	5.833,04	10.06.1990
Kocaeli (c)	Darica	Darica 2	16.111	15.03.2004
Kocaeli (d)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (d)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (e)	Darica	Tepecik Köyü	7.050	28.07.1998
Kocaeli (e)	Darica	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
Kocaeli (g)	Darica	Darica Mahallesi	39	05.04.2013
İstanbul (h)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

#### Land:

- 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 m<sup>2</sup> ), building license numbered 197 dated June 24, 1996 (construction area 1.511 m<sup>2</sup> ), building license numbered 149 dated August 13, 2001 (construction area 1,47 m<sup>2</sup> ) and building license numbered 128 dated September 29, 2006 (construction area 1.047 m<sup>2</sup> ) are acquired for facility and its area 3.711 m<sup>2</sup> 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.
- 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 m<sup>2</sup> and the 811,50 m<sup>2</sup> 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.
- As of the report date, there is an easement right of TEK for the part of 240 m<sup>2</sup> of the land which is placed in 30K-3B plot, 1365 block in Darica 1 Village, Darica – Kocaeli with an area of 16.111 m<sup>2</sup>. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. During the investigation of the Darica 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

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

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 numbered 23 and dated February 22, 2013 and there are 2 construction permits numbered 300 and 301.(Construction Area is 13.087 m<sup>2</sup>) 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 m<sup>2</sup>), which seemed as two floors with the ground and normal floor. In addition, it has been identified that three storey administrative district with 400 m<sup>2</sup> 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 value of immovable is TL 25.530.000.

- d) As of the report date, there is an enclosure within the borders of forest for the part 117,616 m<sup>2</sup> and 533,211 m<sup>2</sup> of the total 14.800 m<sup>2</sup> of the land which is placed parcel of land numbered 18, A.13.A plot and 7.050 m<sup>2</sup> 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 m<sup>2</sup> and 6.516,78 m<sup>2</sup> 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 Dilovası'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.
- e) 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 m<sup>2</sup>, parcel numbered 2, 1333 block and with an area of 4.248 m<sup>2</sup>, 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.
- 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 m<sup>2</sup>, placed parcel of land numbered 1135, 7 plot with the 7.360 m<sup>2</sup>, placed parcel of land numbered 1155, 8 plot with the 8.620 m<sup>2</sup>, in Duraklı Village ,Gebze Province – Kocaeli City. As of the report date, 3.583,20 m<sup>2</sup> 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) According to the report which the information has been received from Real Estate Agencies, related to fair value is amounting about TL 37.755 flat that belongs to Subsidiary Bemka A.Ş and its asset with the 39 m<sup>2</sup>, in Darıca Street, Darıca Province – Kocaeli City which is disclosed in Note 3.
- h) 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.

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

**December 31, 2015**

City	Providence	Village	Deed (m <sup>2</sup> )	Receiving Date
Kocaeli (a)	Gebze	Sırasöğütler	8.198,54	30.06.2000
İstanbul (b)	Pendik	Ortamahalle	5.833,04	10.06.1990
Kocaeli (c)	Darica	Darica 2	16.111	15.03.2004
Kocaeli (d)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (d)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (e)	Darica	Tepecik Köyü	7.050	28.07.1998
Kocaeli (e)	Darica	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
Kocaeli (g)	Darica	Darica Mahallesi	39	05.04.2013
İstanbul (h)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

**Lands:**

- i) As of the report date, there is an easement right of TEDAŞ for the part of 1.980 m<sup>2</sup> of the land and factory building which is parcel of land numbered 14, placed in 5739 block in Istasyon Street, Gebze – Kocaeli with an area of 8.198,54 m<sup>2</sup>. Gebze Municipality's Development Directorate information, the facility is located of parcel that part of trading area and part of road zone which is 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 Gebze Municipality's Development directorate information on immovable's archive file, building license numbered 165 dated June 5, 1995 (construction area 793 m<sup>2</sup> ), building license numbered 197 dated June 24, 1996 (construction area 1.511 m<sup>2</sup> ), building license numbered 149 dated August 13, 2001 (construction area 1,47 m<sup>2</sup> ) and building license numbered 128 dated September 26, 2006 (construction area 1.047 m<sup>2</sup> ) are acquired for facility and its area 3.711 m<sup>2</sup> according to building licence and attachments. The evaluation has made numbered report 2016/810 and dated February 4, 2016 by Elit Gayrimenkul Değerleme A.Ş. in accordance with cost value method value of immovable is TL 7.830.000.
- j) 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. (8627 block, 3 and 4 parcels). The area of the Facilities is 5.833,04 m<sup>2</sup> and the 811,50 m<sup>2</sup> of the facilities is owned by İstanbul Municipality. During the investigation of the Pendik directorate of land registry information, there is not changes in property right for parcel of land at least 3 years. The evaluation has made numbered report 2016/812 and dated February 8, 2016 by Elit Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 9.870.000 .
- k) As of the report date, there is an easement right of TEK for the part of 240 m<sup>2</sup> of the land which is placed in 30K-3B plot, 1365 block in Darica 2 Village, Darica – Kocaeli with an area of 16.111 m<sup>2</sup>. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. During the investigation of the Darica 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 ,1/1500 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 Darica Municipality's Development directorate information on immovable's archive file, There is an architectural project dated August 5, 2007 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 numbered 23 and dated February 22, 2013. (Construction Area is 13.087 m<sup>2</sup>) the company has started part of basement and warehouse the construction and the immovable's subject to valuation are empty lots as of the report date. The immovable subject to valuation finished as of the report date. Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 14.095.000. 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

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

- renovation permits numbered 23 and dated February 22, 2013. (Construction Area is 13.087 m<sup>2</sup>) the company has started part of basement and warehouse the construction and the immovable's subject to valuation are empty lots as of the report date.
- l) 1333 island parcel of land numbered 2 with an area of 1.515 m<sup>2</sup> and 1333 island parcel of land numbered 3 with an area of 4.248 m<sup>2</sup> in Darıca 2 Village which is converted into 1333 island parcel of land numbered 5 by the Darıca Municipality's Committee decision issued at July 10, 2012 with the decree no of 759. As of the report date, there is no mortgage, levy or annotation on the lands. During the investigation of the Darıca Municipality's Development directorate information, the immovable's are located of parcel that part of trading area which is affirmed that applied construction plan placed of numbered 517 ,1/1500 plot affirmation dated September 17, 2015. 1/1.000-scale application in the preparation works of the development plan are currently underway.The immovable subject to valuation are empty lots as of the report date. The evaluation has made numbered report 2016/813 and dated February 9,2016 by Elit Gayrimenkul Deęerleme A.Ş. in accordance with peer assessment method value of immovable is TL 4.350.000.
- m) As of the report date, there is an enclosure within the borders of forest for the part 117,616 m<sup>2</sup> and 533,211 m<sup>2</sup> of the total 14.800 m<sup>2</sup> of the land which is placed parcel of land numbered 18, A.13.A plot and 7.050 m<sup>2</sup> 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 m<sup>2</sup> and 6.516,78 m<sup>2</sup> 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 Dilovası'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 2016/815 and dated February 5,2016 by Elit Gayrimenkul Deęerleme A.Ş. in accordance with peer assessment method value of immovable is TL 1.060.000.
- n) As of the report date, the Group owns the land which are placed parcel of land numbered 1128, 7 plot with the 23.888 m<sup>2</sup>, placed parcel of land numbered 1135, 7 plot with the 7.360 m<sup>2</sup>, placed parcel of land numbered 1155, 8 plot with the 8.620 m<sup>2</sup>, in Duraklı Village ,Gebze Province – Kocaeli City. As of the report date, 3.583,20 m<sup>2</sup> 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 August 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 2016/7816 and dated February 5, 2014 by Elit Gayrimenkul Deęerleme A.Ş. in accordance with peer assessment method value of immovable is TL 635.000.
- o) According to the report which the information has been received from Real Estate Agencies, related to fair value is amounting about TL 40.000 flat that belongs to Subsidiary Bemka A.Ş and its asset with the 39 m<sup>2</sup>, in Darıca Street, Darıca Province – Kocaeli City.
- p) Group's investment property is consist of independent section in İstanbul 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. The evaluation has made numbered report 2016/817 and dated February 9, 2016 by Elit Gayrimenkul Deęerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.120.000.

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

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### NOTE 18 TANGIBLE ASSETS

Tangible assets for the periods ended are as follows:

##### December 31, 2016

Cost	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Revaluation Fund of Tangible Fixed Assets	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	365.777.113	10.597.072	-	16.552.874	6.946.844	(1.508.909)	398.364.994
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 Costs	2.066.199	205.979	-	-	167.727	-	2.439.905
Acquired Assets Under Finance Leases	23.958.307	-	-	-	-	-	23.958.307
Impairment of Land (-)	(550.536)	-	-	-	-	-	(550.536)
Provisions for Impairment of Buildings(-)	(432.564)	-	-	-	-	-	(432.564)
<b>Total</b>	<b>538.141.980</b>	<b>13.477.904</b>	<b>-</b>	<b>150.633</b>	<b>14.435.219</b>	<b>(4.902.050)</b>	<b>561.303.686</b>

Accumulated Depreciation	January 1, 2016 Opening Balance	Foreign Currency Translation Differences	Transfers (Investment Properties)	Period Depreciation	Disposals(-)	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	(271.781.860)	(3.743.396)	-	(16.147.258)	1.482.121	(290.190.393)
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)
Acquired Assets Under Finance Leases	(8.721.630)	-	-	(522.000)	-	(9.243.630)
<b>Total</b>	<b>(324.886.339)</b>	<b>(4.077.066)</b>	<b>-</b>	<b>(19.307.523)</b>	<b>4.874.248</b>	<b>(343.396.680)</b>

<b>Tangible Assets, Net</b>	<b>213.255.641</b>	<b>217.907.006</b>
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Acquired Assets Under Finance Leases all consists of Machinery, Plants and Equipment.



# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### December 31, 2015

Cost	January 1, 2015 Opening Balance	Foreign Currency Translation Differences	Revaluation Fund of Tangible Fixed Assets	Transfers	Additions	Disposal(-)	December 31, 2015 Closing Balance
Land	12.499.364	233.647	-	1.284.544	7.731.164	-	21.748.719
Land Improvements	3.063.510	-	-	18.757	103.195	-	3.185.462
Buildings	49.487.011	1.326.323	7.799.467	821.859	3.734.685	-	63.169.345
Machinery, Plants and Equipment	331.974.754	5.445.447	-	9.266.977	21.196.028	(2.106.093)	365.777.113
Vehicles	4.683.253	43.591	-	-	387.798	(128.544)	4.986.098
Furniture and Fixtures	9.709.230	24.371	-	6.729	930.147	(170.439)	10.500.038
Other Fixed Assets	11.262.864	-	-	13.302	284.406	(525.716)	11.034.856
Constructions in Progress	23.145.425	-	-	(11.580.128)	21.133.646	-	32.698.943
Special Cost	1.670.408	121.042	-	-	274.749	-	2.066.199
Acquired Assets Under Finance Leases	23.958.307	-	-	-	-	-	23.958.307
Impairment of Land (-)	(550.536)	-	-	-	-	-	(550.536)
Provisions for Impairment of Buildings(-)	(432.564)	-	-	-	-	-	(432.564)
<b>Total</b>	<b>470.471.026</b>	<b>7.194.421</b>	<b>7.799.467</b>	<b>(167.960)</b>	<b>55.775.818</b>	<b>(2.930.792)</b>	<b>538.141.980</b>

Accumulated Depreciation	January 1, 2015 Opening Balance	Foreign Currency Translation Differences	Transfers (Investment Properties)	Period Depreciation	Disposals (-)	December 31, 2015 Closing Balance
Land Improvements	(1.333.443)	-	-	(105.167)	-	(1.438.610)
Buildings	(17.373.803)	(150.572)	-	(1.020.605)	-	(18.544.980)
Machinery, Plants and Equipment	(258.252.624)	(2.403.627)	-	(13.220.482)	2.094.873	(271.781.860)
Vehicles	(4.195.710)	(34.829)	-	(211.816)	128.544	(4.313.811)
Furniture and Fixtures	(7.972.402)	(4.541)	-	(632.154)	169.542	(8.439.555)
Other Fixed Assets	(10.608.271)	-	-	(247.714)	525.716	(10.330.269)
Special Cost	(1.187.240)	(32.790)	-	(95.594)	-	(1.315.624)
Acquired Assets Under Finance Leases	(8.199.630)	-	-	(522.000)	-	(8.721.630)
<b>Total</b>	<b>(309.123.123)</b>	<b>(2.626.359)</b>	<b>-</b>	<b>(16.055.532)</b>	<b>2.918.675</b>	<b>(324.886.339)</b>

**Tangible Assets, Net** **161.347.903** **213.255.641**

Acquired Assets Under Finance Leases are all consisting of Machinery, Plants and Equipment.

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.

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

Bektaş Emaye facility placed under Group's buildings as an asset is shown its fair value in financial statements. Cost value of tangible assets these are shown their fair value in financial statements are as follows.

#### December 31, 2016

TYPE	Asset Value	Accumulated Depreciation	Net Book Value	Fair Value	Value Increase/ Decrease	Deferred Tax Effect	Shareholders Equity (Net)
Buildings	840.533	-	840.533	8.640.000	7.799.467	1.559.892	6.239.575
<b>TOTAL</b>	<b>840.533</b>	<b>-</b>	<b>840.533</b>	<b>8.640.000</b>	<b>7.799.467</b>	<b>1.559.892</b>	<b>6.239.575</b>

#### 31 Aralık 2015

TYPE	Asset Value	Accumulated Depreciation	Net Book Value	Fair Value	Value Increase/ Decrease	Deferred Tax Effect	Shareholders Equity (Net)
Buildings	840.533	-	840.533	8.640.000	7.799.467	1.559.892	6.239.575
<b>TOTAL</b>	<b>840.533</b>	<b>-</b>	<b>840.533</b>	<b>8.640.000</b>	<b>7.799.467</b>	<b>1.559.892</b>	<b>6.239.575</b>

Group's factory building fair value is calculated according to appraisal report amounts numbered 2016/891 and dated February 4, 2016 that was prepared by Elit Gayrimenkul Değerleme A.Ş as of the date of December 31, 2016 and December 31, 2015. The fair value of factory building is TL 8.640.000 in this report.

#### NOTE 19 INTANGIBLE ASSETS

##### December 31, 2016

Cost	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
<b>Total</b>	<b>18.345.400</b>	<b>14.854</b>	<b>-</b>	<b>930.601</b>	<b>(161.862)</b>	<b>19.128.993</b>

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)
<b>Total</b>	<b>(13.970.108)</b>	<b>(15.323)</b>	<b>-</b>	<b>(790.690)</b>	<b>11.230</b>	<b>(14.764.891)</b>

<b>Intangible Assets, Net</b>	<b>4.375.292</b>	<b>4.364.102</b>
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(Amounts are stated in ("TL") unless otherwise stated)

**December 31, 2015**

<b>Cost</b>	<b>January 1, 2015 Opening Balance</b>	<b>Foreign Currency Translation Differences</b>	<b>Transfers</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>December 31, 2015 Closing Balance</b>
Rights	15.153.007	10.183	167.960	219.116	-	15.550.266
Development Cost	2.108.169	-	-	498.241	-	2.606.410
Other Intangible Assets	175.200	-	-	13.524	-	188.724
<b>Total</b>	<b>17.436.376</b>	<b>10.183</b>	<b>167.960</b>	<b>730.881</b>	<b>-</b>	<b>18.345.400</b>

<b>Accumulated Depreciation</b>	<b>January 1, 2015 Opening Balance</b>	<b>Foreign Currency Translation Differences</b>	<b>Transfers</b>	<b>Period Amortization</b>	<b>Disposals (-)</b>	<b>December 31, 2015 Closing Balance</b>
Rights	(12.684.254)	(9.575)	-	(350.457)	-	(13.044.286)
Development Cost	(407.882)	-	-	(341.398)	-	(749.280)
Other Intangible Assets	(172.422)	-	-	(4.120)	-	(176.542)
<b>Total</b>	<b>(13.264.558)</b>	<b>(9.575)</b>	<b>-</b>	<b>(695.975)</b>	<b>-</b>	<b>(13.970.108)</b>

<b>Intangible Assets, Net</b>	<b>4.171.818</b>	<b>4.375.292</b>
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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).

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

#### NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### 22.1 Provisions

Account Name	December 31, 2016	December 31, 2015
<b>Provisions for Employee Benefits</b>	<b>5.974.299</b>	<b>4.664.686</b>
Provision for Premium	3.746.035	3.324.588
Provision for Unused Authorization	1.706.499	1.340.098
Provision for Labor Agreement Salary Increase Differences(*)	521.765	-
<b>Other Short-Term Provisions</b>	<b>984.247</b>	<b>1.269.016</b>
Provision for Lawsuits	502.606	525.461
Other Provision	481.641	743.555
<b>Total</b>	<b>6.958.546</b>	<b>5.933.702</b>

	Provision for Lawsuit	Provision for Premium	Provision for Labor Agreement Salary Increase Differences	Provision for Unused Authorization	Severance Pay	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)
<b>December 31, 2016</b>	<b>502.606</b>	<b>3.746.035</b>	<b>-</b>	<b>1.706.499</b>	<b>521.765</b>	<b>481.641</b>	<b>6.958.546</b>

	Provision for Lawsuit	Provision for Premium	Provision for Labor Agreement Salary Increase Differences	Provision for Unused Authorization	Other	Total
January 1, 2015	343.310	2.702.196	1.430.962	1.042.008	477.263	5.995.739
Additional provisions	257.674	3.324.588	-	1.340.098	743.555	5.665.915
Payments	(75.523)	(2.702.196)	(1.430.962)	(1.042.008)	(477.263)	(5.727.952)
Provisions cancelled	-	-	-	-	-	-
<b>December 31, 2015</b>	<b>525.461</b>	<b>3.324.588</b>	<b>-</b>	<b>1.340.098</b>	<b>743.555</b>	<b>5.933.702</b>

There are no Provisions for Long-Term Liabilities for the end of the period.

##### 22.2 Contingent Assets and Liabilities:

##### Contingent Events:

##### 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. The group also made provisions for lawsuits total amount of TL 502.606 for the lawsuits against in consolidated financial statements.

##### December 31, 2015

The Group make provisions for doubtful receivables for the receivables which have not been collected even they were past due as of December 31, 2015, the Group made provision for receivables amount of TL 14.243.064. The group also made provisions for lawsuits against the group amounting to TL 525.461 in consolidated financial statements.

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### 22.3 Commitments Not Presented in the Liabilities of the Statement of financial position:

Description	Type of Currency	December 31, 2016	December 31, 2016	December 31, 2015	December 31, 2015
		Currency Amount	TL Amount	Currency Amount	TL Amount
Sarkuysan Letters of Guarantees Given	TL	-	26.083.230	-	19.029.391
Sarkuysan Letters of Guarantees Given	USD	15.604.000	54.913.597	14.611.000	42.482.944
Sarkuysan Letters of Guarantees Given	EURO	12.710.000	47.152.829	5.175.000	16.444.080
Sarmakina Letters of Guarantees Given	TL	-	313.040	-	111.340
Sarmakina Letters of Guarantees Given	USD	117.495	413.488	17.495	50.868
Sarmakina Letters of Guarantees Given	EURO	22.800	84.586	-	-
Bemka Letters of Guarantees Given	TL	-	-	-	2.911.653
Bemka Letters of Guarantees Given	USD	-	-	3.313.376	9.633.972
Bemka Letters of Guarantees Given	EURO	-	-	3.082.500	9.794.952
Bektaş Letters of Guarantees Given	TL	-	2.117	-	2.117
Sarda Letters of Guarantees Given	TL	-	15.606.000	-	7.685.000
Ege Ser.Bölge Letters of Guarantees Given	USD	1.838	6.468	1.838	5.344
<b>TOTAL</b>			<b>144.575.355</b>		<b>108.151.661</b>
Sarkuysan Sureties Given	TL	-	18.376.342	-	106.696.342
Sarkuysan Sureties Given	EURO	500.000	1.854.950	500.000	1.588.800
Sarkuysan Sureties Given	USD	20.179.000	71.013.937	22.679.000	65.941.460
<b>TOTAL</b>			<b>91.245.229</b>		<b>174.226.602</b>
Sarda Letters of Guarantees Taken	TL	-	6.740.000	-	6.470.000
Sarmakina Letters of Guarantees Taken	TL	-	91.820	-	-
Sarkuysan Letters of Guarantees Taken	TL	-	7.744.550	-	8.808.050
Sarkuysan Letters of Guarantees Taken	USD	5.625.100	19.795.852	5.408.425	15.725.537
Sarkuysan Letters of Guarantees Taken	EURO	-	-	938.250	2.981.383
<b>TOTAL</b>			<b>34.372.222</b>		<b>33.984.970</b>
Sarkuysan Cheques of Guarantees Received	TL	-	93.080	-	79.200
Sarkuysan Cheques of Guarantees Received	USD	2.976	10.474	203.876	592.789
Sarkuysan Cheques of Guarantees Received	EURO	2.000	7.420	1.055	3.352
<b>TOTAL</b>			<b>110.974</b>		<b>675.341</b>
Sarkuysan Notes of Guarantees Received	TL	-	29.018.658	-	29.718.659
Sarkuysan Notes of Guarantees Received	USD	19.170.000	67.463.064	19.570.000	56.901.732
Sarkuysan Notes of Guarantees Received	EURO	60.325	223.800	60.325	191.689
Sarda Notes of Guarantees Received	TL	-	7.980.000	-	8.580.000
Sarda Notes of Guarantees Received	USD	17.750.000	62.465.800	12.750.000	37.071.900
<b>TOTAL</b>			<b>167.151.322</b>		<b>132.463.980</b>
Sarkuysan Mortgages Received	USD	-	-	10.000.000	29.076.000
Sarkuysan Mortgages Received	TL	-	25.000.000	-	20.305.000
Sarda Mortgages Received	TL	-	1.550.000	-	1.550.000
Bemka Mortgages Received	TL	-	-	-	150.000
<b>TOTAL</b>			<b>26.550.000</b>		<b>51.081.000</b>
Sarkuysan Notes of Guarantees Given	TL	-	600.000	-	-
Sarkuysan Notes of Guarantees Given	USD	83.444.270	293.657.075	52.222.260	151.841.443
Sarkuysan Notes of Guarantees Given	EURO	8.227.500	30.523.202	15.525.000	49.332.240
Bemka Notes of Guarantees Given	TL	-	-	-	225.000
<b>TOTAL</b>			<b>324.780.277</b>		<b>201.398.683</b>



# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31,2016

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

Description	Type of Currency	December 31, 2016	December 31, 2016	December 31, 2015	December 31, 2015
		Currency Amount	TL Amount	Currency Amount	TL Amount
Bemka Mortgages Given	EURO	-	-	-	-
Sarkuysan Mortgages Given	EURO	-	-	-	-
<b>TOTAL</b>			-		-
Sarkuysan Guarantees of Factoring	TL	-	61.406.440	-	21.006.781
Sarkuysan Hedging Operations	USD	66.572.323	234.281.319	19.932.171	57.954.781
Sarkuysan Hedging Operations	EURO	40.546.192	150.422.317	15.119.044	48.042.275
Sarkuysan Hedging Operations	GBP	114.102	492.795	-	-
<b>TOTAL</b>			<b>446.602.871</b>		<b>127.003.837</b>

#### 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.

Portion of notes of guarantee given amounting to TL 324.780.277 is given to Eximbank.

Sureties were given for Bektaş TL 6.342, Sarmakina TL 1.854.950 (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.

#### December 31, 2015

TL 607.641 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 33.021.769 are received from the customers and TL 963.201 from service vendors.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 128.325.159 and TL 4.138.821, respectively.

Letter of guarantees given with the amount of TL 1.479.956 to Large Taxpayers Office, TL 7.585.000 to Bosphorus Corporate Taxpayers Office, TL 6.000.000 was given to the under secretariat of Customs, TL 70.076.653 to Eximbank, TL 4.780.928 to Palgaz A.Ş., TL 3.510.203 to Gazport A.Ş. and TL 14.718.921 to other public institutions.

Portion of notes of guarantee given amounting to TL 201.173.683 is given to Eximbank, rest of portion amounting to TL 225.000 is consist of notes of guarantee given to trade payables relating service procurement.

Sureties were given for Bektaş TL 6.342, Sarmakina TL 1.588.800 (EURO 500.000), Sarda TL 18.370.000 TL, Sark Wire Corp. TL 58.672.460 (USD 10.000.000) and Bemka TL 95.589.000 (TL 88.320.000 and USD 2.500.000) which were consolidated according to full consolidation method.

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### 22.4 Total Amount of Insurances on Assets:

December 31, 2016

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Interruption of Machinery	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	125.209.506
Fire	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	224.481.734
Commodity Fire Insurance	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	49.500.000
Electronical Equip.	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	4.450.000
Cash Fire-Robbery	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	400.000
Product Liability Insu.	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	307.000.000
Carried Money- Value	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.000.000
Breach of Trust	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	400.000
Employer's Liability	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	93.400.000
Individual Accident Insurance	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	420.000.000
3rd Person Responsibility	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.000.000
Building( Fire)	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	TL	1.120.282	-
Building (Fire)	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	248.522
Building (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	248.522
Commodity Fire Insurance	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	550.000
Furniture and Fixtures (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	59.700
Machine (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	527.855
Additional Benefits	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.634.599
Terror	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.634.599
Earthquake	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.634.599
Commodity Robbery	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	550.000
Furniture and Fixtures (Robbery)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	59.700
Machinery and Facility (Robbery)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	527.855
Profit Loss	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	100.000

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Interruption of Glass	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.000
Environmental Regulation (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	248.522
Carried Money – Value	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	350.000
Cash Breach of Trust	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	500.000
Interruption of Machinery	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	3.071.756
Electronical Equipment	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	639.000
Building Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	140.000
Building Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	8.297.250
3 <sup>rd</sup> Person Financial Responsibility	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.000.000
Vehicles	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	TL	515.000	-
Fire	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	3.000.000
Employer Financial Responsibility	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.000.000
Personal Accident Insurance	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	150.000
Furniture and Fixtures	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	200.000
Money Pack	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.145.000
Employer Financial Responsibility	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2016 December 31, 2017	USD	-	1.200.000
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	September 30, 2016 September 30, 2017	TL	1.953.000	-
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	October 6, 2016 October 6, 2017	TL	116.000	-
Bina Yangın	Sark Wire Corp.	The Hanover Insurance Group	December 31, 2016 December 31, 2017	USD	-	10.624.389
Machinery	Sark Wire Corp.	The Hanover Insurance Group	December 31, 2016 December 31, 2017	USD	-	20.035.927
Fixtures	Sark Wire Corp.	The Hanover Insurance Group	December 31, 2016 December 31, 2017	USD	-	11.111
Fixtures	Sark USA	Th Hanover Insurance Group	December 31, 2016 December 31, 2017	USD	-	11.111
<b>Total USD</b>						<b>1.286.242.257</b>
<b>Total TL</b>						<b>3.704.282</b>

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

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

#### December 31, 2015

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Interruption of Machinery	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	105.000.000
Fire	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	244.021.000
Electronical Equip.	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	4.000.000
Cash Fire-Robbery	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000
Product Liability Insu.	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	305.000.000
Carried Money- Value	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Breach of Trust	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	400.000
Employer's Liability	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	77.100.000
Individual Accident Insurance	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	360.000.000
3 <sup>rd</sup> Person Responsibility	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Vehicles	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	TL	467.995	-
Building ( Fire)	Sarkuysan	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	248.522
Commodity (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	550.000
Furniture and Fixtures (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	59.700
Machine (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	527.855
Additional Benefits	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.634.599
Terror	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.634.599
Earthquake	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.634.599
Commodity Robbery	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	550.000
Furniture and Fixtures (Robbery)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	59.700
Machinery and Facility (Robbery)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	527.855
Loss Profit	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000

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

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL Currency	Foreign Amount
Interruption of Glass	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000
Environmental Regulation (Fire)	Ege Ser. Bölge	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	248.522
Carried Money – Value	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	500.000
Cash Breach of Trust	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	700.000
Interruption of Machinery	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	3.071.756
Electronical Equipment	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	260.000
Building Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	140.000
Building Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	7.765.000
3 <sup>rd</sup> Person Financial Responsibility	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Vehicles	Sarmakina A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	TL	150.200	-
Fire	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	3.000.000
Employer Financial Responsibility	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Personal Accident Insurance	Bektaş A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	150.000
Furniture and Fixtures	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	200.000
Money Pack	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.145.000
3 <sup>rd</sup> Person Financial Responsibility	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000
Employer Financial Responsibility	Sarda A.Ş.	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.100.000
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	September 30, 2015 September 30, 2016	TL	1.827.000	-
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	October 6, 2015 October 6, 2016	TL	116.500	-
Product Responsibility- Withdrawal Insurance	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Tuzla CTC Machine Plant Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	3.179.749
Tuzla Emaye Machine Plant Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	7.214.731
Tuzla Furniture and Fixtures Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000
Loss Profit Ins.	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.500.000
Gebze Machine Plant Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	10.066.254
Tuzla CTC Commercial Goods Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.500.000
Tuzla Commercial Goods Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.500.000



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Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Gebze Commercial Goods Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	2.000.000
Tekirdağ Commercial Goods	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	400.000
Tuzla CTC Interruption of Machine	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	3.179.749
Tuzla Emaye Interruption of Machine	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	7.214.731
Gebze Interruption of Machine	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	9.814.826
Electronical Equipment	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	450.000
Carried Money	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	500.000
Cash Fire	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	300.000
Employer Financial Responsibility (Gebze)	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000
Employer Financial Responsibility (Tuzla)	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	100.000
3rd Person Financial Responsibility Ins.	Bemka	Axa Sigorta A.Ş.	December 31, 2015 December 31, 2016	USD	-	1.000.000
Hazardous Material and waste Financial Resp.	Bemka	Nart Anadolu Sigorta	April 12, 2015 April 12, 2016	TL	7.745.000	-
34 UD 3913 Tofaş Doblo	Bemka	Nart Anadolu Sigorta	June 11, 2015 June 11, 2016	TL	12.500	-
34 BS 5922 Tofaş Doblo	Bemka	Nart Anadolu Sigorta (RAYIÇ BEDEL)	December 16, 2015 December 16, 2016	TL	12.500	-
Building Fire	Sark Wire Corp.	The Hanover Insurance Group	December 31, 2015 December 31, 2016	USD	-	9.571.950
Machine	Sark Wire Corp.	The Hanover Insurance Group	December 31, 2015 December 31, 2016	USD	-	17.227.408
<b>Total USD</b>						<b>1.203.449.105</b>
<b>Total TL</b>						<b>10.331.695</b>

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

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

Group's guarantee / pledge / mortgage statements position for period in December 31, 2016 and December 31,2015 are as follows.

Mortgages & Guarantees Given by the Group	December 31, 2016		December 31, 2015	
	Foreign Currency Amount	TL Amount	Foreign Currency Amount	TL Amount
A. Total amount of M&G Given on behalf of the Group	-	<b>469.355.632</b>	-	<b>309.550.344</b>
Guarantee Letters (TL)	-	42.004.387	-	29.739.501
Guarantee Letters (EURO)	12.732.800	47.237.415	8.257.500	26.239.032
Guarantee Letters (USD)	15.723.333	55.333.553	17.943.709	52.173.128
Mortgages (TL)	-	-	-	-
Mortgages (EURO)	-	-	-	-
Guarantee Cheques (TL)	-	-	-	-
Guarantee Cheques (USD)	-	-	-	-
Guarantee Notes (TL)	-	600.000	-	225.000
Guarantee Notes (USD)	83.444.270	293.657.075	52.222.260	151.841.443
Guarantee Notes (EURO)	8.227.500	30.523.202	15.525.000	49.332.240
Pledge of Assets (TL)	-	-	-	-
Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	91.245.229		174.226.602	
Surety (TL)	-	<b>18.376.342</b>	-	<b>106.696.342</b>
Surety (EURO)	500.000	1.854.950	500.000	1.588.800
Surety (USD)	20.179.000	71.013.937	22.679.000	65.941.460
Mortgages (EURO)	-	-	-	-
Guarantee Letters (USD)	-	-	-	-
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	-	-	-	-
<b>Total</b>		<b>560.600.861</b>		<b>483.776.946</b>

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

**NOTE 23 COMMITMENTS**

None.

**NOTE 24 EMPLOYEE TERMINATION BENEFITS**

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Provisions for Termination Indemnity	27.271.845	24.276.706
- Short Term Provisions for Termination Indemnity	521.765	-
- Long Term Provisions for Termination Indemnity	26.750.080	24.276.706
<b>Total</b>	<b>27.271.845</b>	<b>24.276.706</b>

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, 2016, termination indemnity upper limit is monthly TL 4.426,16 (December 31, 2015: TL 4.092,53). 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, 2016 , 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 6,00 % and a discount rate of 10,50 %. The real discount rate of % 3,25 (December 31, 2015: %4,00) was used in the computation. Employee termination benefits related to severance for December 31, 2016 probability estimate was calculated as 99,66 %. (December 31, 2015: %98,11). The Group Management revised the expectations of discount assumptions in 2016.

Movements of Provisions for Termination Indemnity are as follows;

	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Provision as of January 1	24.276.706	20.361.722
Current Period Service Cost	446.543	1.822.527
Interest Cost	2.206.892	1.985.278
Actuarial Income/Loss	2.016.214	1.286.094
Loss Composed on Payment	916.444	329.096
Payments	(2.590.954)	(1.508.011)
<b>Closing Balance</b>	<b>27.271.845</b>	<b>24.276.706</b>

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Provision expense for termination indemnities is TL 5.586.092 (December 31, 2015: TL 5.422.095), the accounts are recognized as an expense as follows;

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Manufacturing Cost	2.840.346	2.850.878
Marketing, Selling and Distribution Expenses	203.490	86.301
General Administration Expenses	489.831	1.199.722
Research and Development Expenses	54.379	-
Provisions No Longer Required	(18.167)	-
<b>The amount accounted in Profit / Loss</b>	<b>3.569.879</b>	<b>4.136.901</b>
<b>Actuarial Loss accounted in Other Comprehensive Income</b>	<b>2.016.214</b>	<b>1.286.094</b>
<b>Total Expense</b>	<b>5.586.093</b>	<b>5.422.995</b>

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Actuarial Loss accounted in Other Comprehensive Income	2.016.213	1.286.094
Tax Effect: % 20	(394.962)	(251.940)
<b>Net Amount</b>	<b>1.621.251</b>	<b>1.034.154</b>

#### NOTE 25 RETIREMENT BENEFIT PLANS

None.

#### NOTE 26 OTHER ASSETS AND LIABILITIES

Account Name	December 31, 2016	December 31, 2015
Prepaid Expenses for Following Months	3.985.806	3.555.598
Advances Given For Purchases	23.229.892	1.547.709
Work Advances	2.357.065	3.291
<b>Total Prepaid Expenses (Current Assets)</b>	<b>29.572.763</b>	<b>5.106.598</b>
Prepaid Expenses For Next Months	6.294	-
Advances Given For Purchases	262.754	226.754
<b>Total Prepaid Expenses (Non-Current Assets)</b>	<b>269.048</b>	<b>226.754</b>

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

Account Name	December 31, 2016	December 31, 2015
Deferred V.A.T.	10.007.885	4.837.851
Other Doubtful Assets	29.413	46.413
Provisions for Other Doubtful Assets (-)	(29.413)	(46.413)
Employee Advances	25.566	18.587
Other	796.818	3.239.155
<b>Total</b>	<b>10.830.269</b>	<b>8.095.593</b>

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

Provisions For Other Doubtful Assets:

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Opening balance	(46.413)	(303.568)
Received amount in the current year(-)	-	-
Cancel	17.000	257.155
Period cost	-	-
<b>Closing balance</b>	<b>(29.413)</b>	<b>(46.413)</b>

The group does not have any Other Long-Term Assets as of December 31,2016 and December 31,2015

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

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Deferred Income from Related Parties	697.979	27.373.048
Advances Received	697.979	3.426.301
Prepaid Expenses For Future Years	-	(*) 23.946.747
Deferred Income from Unrelated Parties	545.622	-
Advances Received	545.622	-
<b>Total</b>	<b>1.243.601</b>	<b>27.373.048</b>

(\*) Income for the following years is consist of revenue that distributing date pending next period as of statement of financial position date.

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

<b>Hesap Adı</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Taxes and Funds Payable	287.228	-
Due to Personnel	70.103	-
Other	2.625	-
<b>Total</b>	<b>359.956</b>	<b>-</b>

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



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

**NOTE 27 CAPITAL, RESERVES and OTHER SHAREHOLDER'S EQUITY ITEMS****27.1 Non-Controlling Interests**

	December 31, 2016	December 31, 2015
Non-Controlling Interests	228.170	(38.349)
<b>Total</b>	<b>228.170</b>	<b>(38.349)</b>

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Opening Balance, January 1	(38.349)	97.555
Share from Current Period Profit	30.912	(120.749)
Profit Distribution	(17.169)	(14.234)
Foreign Currency Translation Adjustments	86	(6)
Employee Termination Benefits Actuarial Gain/Loss	(3.956)	(915)
Transactions with Non-Controlling Shareholders	256.646	-
<b>Closing Balance</b>	<b>228.170</b>	<b>(38.349)</b>

**27.2 Capital / Adjustments regarding Share Capital of Participations**

The share capital consist of 12.500.000.000 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;

	Par Value	Number of Shares
A Type Shares	6,25	625
B Type Shares	124.999.993,75	12.499.999.375
<b>Total</b>	<b>125.000.000,00</b>	<b>12.500.000.000</b>

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 125.000.000 nominal price equity.

***Increase in Capital:***

There is not any capital increase as of the date of December 31,2016.

(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, 2016	December 31, 2015
Actuarial Gain/Loss (Note:24)	(6.170.493)	(4.121.420)
Tax Effect (-)(Note:24, Note:35)	1.234.099	802.321
Actuarial Gain/Loss (Net)	(4.936.394)	(3.319.099)
Investment Property Revaluation Surplus	12.866.034	12.866.034
Tangible Assets Revaluation Surplus	6.961.456	6.961.456
<b>Revaluation and Gain/Loss Arising from Measurement</b>	<b>14.891.096</b>	<b>16.508.391</b>
Portion of Profit / (Loss) of Investments Evaluated by Equity Method (Note:16)	49.556	498.046
Other gain/loss	49.556	498.046
<b>Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss</b>	<b>14.940.652</b>	<b>17.006.437</b>

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

#### December 31, 2016

	Actuarial Gain/Loss (***)	Investment Property Revaluation Surplus(*)	Tangible Assets Revaluation Surplus(**)	Other Gain/ Loss (***)	Total
Opening Balance, January 1	(3.319.099)	12.866.034	6.961.456	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
<b>Closing Balance</b>	<b>(4.936.394)</b>	<b>12.866.034</b>	<b>6.961.456</b>	<b>49.556</b>	<b>14.940.652</b>

#### December 31, 2015

	Actuarial Gain/Loss (***)	Investment Property Revaluation Surplus(*)	Tangible Assets Revaluation Surplus(**)	Other Gain/ Loss (***)	Total
Opening Balance, January 1	(2.285.860)	12.866.034	721.881	717.841	12.019.896
Addition	(1.286.094)	-	6.239.575	(219.795)	4.733.686
Employee Termination Benefits Actuarial Gain/Loss	915	-	-	-	915
Deferred Tax Offset (-)	251.940	-	-	-	251.940
<b>Closing Balance</b>	<b>(3.319.099)</b>	<b>12.866.034</b>	<b>6.961.456</b>	<b>498.046</b>	<b>17.006.437</b>

(\*) 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)

(\*\*) Tangible Assets Revaluation Surplus TL 721.881 is share from Profit / (Loss) of Investments Evaluated by Equity Method that accounted in Revaluation Surplus under Equity, Part 6.239.575 TL is recognized as investments evaluated by full consolidation method of revaluation surplus of financial assets.

(\*\*\*) 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.

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

#### 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, 2016	December 31, 2015
Foreign Currency Translation Adjustments	21.818.759	14.735.116
Other Gain/Loss	-	-
<b>Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss</b>	<b>21.818.759</b>	<b>14.735.116</b>

#### 27.5 Restricted Reserves from Profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

#### 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, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Extraordinary Reserves	65.052.276	56.164.195
Other Previous Years' Profits /(Losses)	38.554.564	36.124.739
<b>Total</b>	<b>103.606.840</b>	<b>92.288.934</b>

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.01 of the Capital Market Board effective. Within the scope of this communiqué, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their article association. Additionally, dividends can be paid via equal or different installments and companies can be distributing dividend advances based on profits at interim financial statements. The amount of distributable profit based on the companies' decision, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, and otherwise all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### 27.7 Other

Account Name	December 31, 2016	December 31, 2015
Capital	125.000.000	125.000.000
Capital Adjustments Differences	51.466.039	51.466.039
Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss	14.940.652	17.006.437
Defined Benefit Plans Revaluation measurement Gains and Losses	(4.936.394)	(3.319.099)
Investment Property Revaluation Surplus	12.866.034	12.866.034
Tangible Assets Revaluation Surplus	6.961.456	6.961.456
Other Gain/Loss	49.556	498.046
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	21.818.759	14.735.116
Currency Translation Adjustments	21.818.759	14.735.116
Restricted Reserves	30.719.893	27.364.957
Previous Years' Profit	103.606.841	92.288.934
Net Period Profit	30.254.361	35.771.578
<b>Parent Company Shareholders' Equity</b>	<b>377.806.545</b>	<b>363.633.061</b>
<b>Non-Controlling Interests</b>	<b>228.170</b>	<b>(38.349)</b>
<b>Total Shareholders' Equity</b>	<b>378.034.715</b>	<b>363.594.712</b>

#### NOTE 28 REVENUE AND COST OF SALES

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

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Domestic Sales	1.467.924.990	1.422.582.828
Foreign Sales	1.469.303.232	1.245.232.841
Other Sales	1.313.441	104.458.901
Sales returns (-)	(25.282.079)	(22.812.279)
Discounts (-)	(22.663.897)	(22.824.784)
<b>Revenue</b>	<b>2.890.595.687</b>	<b>2.726.637.507</b>
<b>Cost of Sales (-)</b>	<b>(2.784.739.275)</b>	<b>(2.601.424.909)</b>
<b>Gross Profit</b>	<b>105.856.412</b>	<b>125.212.598</b>

Details of Cost of Sales are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Cost of Products Sold (-)	(2.096.330.984)	(2.397.499.760)
Cost of Commercial Goods Sold (-)	(644.033.577)	(153.345.806)
Cost of Services Sold (-)	(29.677.411)	(31.276.421)
Depreciation (-)	(14.487.573)	(15.441.856)
Cost of Other Sales (-)	(209.730)	(3.861.066)
<b>Cost of Sales (-)</b>	<b>(2.784.739.275)</b>	<b>(2.601.424.909)</b>

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

<b>Production Quantities</b>	<b>Amount</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Copper Wire	Tone	170.396	154.830
Copper Pipe, Bars, Bronze, etc.	Tone	15.141	14.591
Copper Bar, Plate	Tone	309	303
CTC Wire	Tone	6.648	2.164
Enamel copper wire	Tone	30	70
Steel, Reel Dimensions	Units	2.193	2.383
Machine Manufacturing	Units	8.775	8.772

<b>Sales Quantities</b>	<b>Amount</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Copper Wire	Tone	180.045	162.808
Copper Pipe, Bars, Bronze, etc.	Tone	14.757	14.745
Copper Bar, Plate	Tone	259	279
Steel, Reel Dimensions	Units	6.648	2.164
Machine Manufacturing	Units	30	70
CTC Wire	Tone	2.198	2.467
Enamel copper wire	Tone	8.814	8.676

#### 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:

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Marketing, Sales & Distribution Expenses (-)	(16.860.199)	(12.741.978)
General Administration Expenses (-)	(36.958.774)	(29.324.531)
Research and Development Expenses (-)	(536.558)	(1.027.108)
<b>Total Operation Expenses</b>	<b>(54.355.531)</b>	<b>(43.093.617)</b>

#### NOTE 30 EXPENSES RELATED TO THEIR NATURE

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

<b>Marketing, Sales &amp; Distribution Expenses</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Personnel Expenses	(6.315.179)	(8.808.355)
Market Research Expenses	(17.353)	(672.090)
Termination Indemnity Expense	(203.490)	(86.301)
Communication Expenses	(187.721)	(167.000)
Transportation Expenses	(4.956.529)	-
Advertisement Expenses	(970.864)	(388.869)
Maintenance and Repair Expenses	(9.503)	(1.917)
Insurance Expenses	(271.088)	(261.174)
Taxes, Duties and Charges Expenses	(131.333)	(127.795)
Depreciation Expenses	(45.624)	(75.869)
Vehicle Expenses	(75.162)	(271.265)
Representation Expenses	(42.785)	(172.721)
Rent Expenses	(151.386)	(73.969)
Other	(3.482.182)	(1.634.653)
<b>Total</b>	<b>(16.860.199)</b>	<b>(12.741.978)</b>

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
<b>General Administration Expenses</b>		
Personnel Expenses	(20.509.867)	(19.735.969)
Communication Expenses	(430.807)	(108.557)
Scholarship Expenses	-	(359.074)
Representation Expenses	(172.700)	(248.531)
Insurance Expenses	(750.471)	(273.390)
Consultancy Expenses	(1.010.138)	(745.486)
Building Maintenance and Repair Expenses	(564.183)	(226.804)
Termination Indemnity Expenses	(489.831)	(1.199.722)
Taxes, Duties and Charges Expenses	(1.515.410)	(998.095)
Advertisement Expenses	(36.238)	(69.152)
Depreciation Expenses	(5.527.184)	(695.551)
Travel Expenses	(56.495)	(80.296)
Vehicle Expenses	(250.923)	(234.200)
Rent Expenses	(351.785)	(377.936)
Other	(5.292.742)	(3.971.768)
<b>Total</b>	<b>(36.958.774)</b>	<b>(29.324.531)</b>

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
<b>Research &amp; Development Expenses</b>		
Personnel Expenses	(459.200)	(591.844)
Outsourced Benefits and Services	(8.573)	(8.574)
Depreciation Expenses	(2.979)	(356.598)
Termination Indemnity Expenses	(54.379)	-
Other	(11.427)	(70.092)
<b>Total</b>	<b>(536.558)</b>	<b>(1.027.108)</b>

Research & Development Expenses in the current period is TL 1.452.890 (January 1, 2015- December 31, 2015: TL 1.525.349) and TL 916.332 (January 1, 2015- December 31, 2015: TL 498.241) of its capitalized.

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Cost of Sales	(14.487.573)	(15.441.856)
Marketing, Sales and Distribution Expenses	(45.624)	(75.869)
General Administration Expenses	(5.527.184)	(695.551)
Research and Development Expenses	(2.979)	(356.598)
Inventories	(34.853)	(181.633)
<b>Total</b>	<b>(20.098.213)</b>	<b>(16.751.507)</b>

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Cost of Sales	(77.607.021)	(61.066.375)
Marketing, Sales and Distribution Expenses	(6.315.179)	(8.808.355)
General Administration Expenses	(20.509.867)	(19.735.969)
Research and Development Expenses	(459.200)	(591.844)
<b>Total</b>	<b>(102.891.267)</b>	<b>(90.202.543)</b>



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

**NOTE 31 OTHER OPERATING INCOME / EXPENSE**

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

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
<b>Other Income</b>	<b>135.341.293</b>	<b>132.135.450</b>
Provisions for Doubtful Receivables Released	205.985	1.093.806
Income from Law Suit Released	39.710	75.100
Provisions For Allowance For Decrease In Value Of Inventories Released	6.932.262	-
Severence Indemnity Income Released	18.166	-
Rent Income	626.245	595.990
Insurance Indemnity Revenue Income	437.385	109.499
Inventory Differences	-	-
Interest and Rediscount Income	21.765.014	27.975.609
Foreign Exchange Gain	90.914.823	90.165.161
Income from Fair Value of Investment Property	12.480.000	10.715.000
Other	1.921.703	1.405.285
<b>Other Expenses (-)</b>	<b>(84.479.995)</b>	<b>(79.968.504)</b>
Provisions for Doubtful Receivables Expenses	(17.492.999)	(8.466.326)
Provision for Law Suits	(16.855)	(332.774)
Idle Capacity Expenses	(531.950)	(399.323)
Provision for Other Expenses	-	-
Commission Expenses	(170.245)	(1.461)
Donations and Aid	-	(256.765)
Provision for Decrease in Value of Inventories	-	(6.902.390)
Interest and Rediscount Expense	(8.069.433)	(7.332.577)
Foreign Exchange Loss	(57.297.787)	(54.725.854)
Other	(900.726)	(1.551.034)
<b>Other Income / Expense (Net)</b>	<b>50.861.298</b>	<b>52.166.946</b>

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

**NOTE 32 INCOMES / EXPENSE FROM INVESTMENT ACITIVITIES**

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

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
<b>Income from Investment Activities</b>	-	715.580
- Gain on Sale of Fixed Assets	-	714.108
- Dividend Income	-	1.472
<b>Expense from Investment Activities (-)</b>	-	-
- Loss on Sale of Fixed Assets	-	-
<b>Portion of Profit / (Loss) of Investments Evaluated According to Equity Method (Note: 16)</b>	<b>(6.494.232)</b>	<b>2.357.110</b>
<b>Income / Expense from Investment Activities (Net)</b>	<b>(6.494.232)</b>	<b>3.072.690</b>

**NOTE 33 FINANCIAL INCOMES / EXPENSE**

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

<b>Financial Income</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Interest Income	1.938.762	1.480.002
Foreign Exchange Gain	56.697.679	40.680.925
Incomes Provided from Derivative Transactions	34.101.303	23.647.719
<b>Total</b>	<b>92.737.744</b>	<b>65.808.646</b>

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

<b>Financial Expenses</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Interest Expense	(43.598.067)	(41.255.880)
Foreign Exchange Loss	(80.846.284)	(72.394.214)
Expenses from Derivative Transactions	(24.211.155)	(44.730.078)
Letter of Guarantee Commission Expenses	(1.469.521)	(373.760)
Other	-	(2.363)
<b>Total</b>	<b>(150.125.027)</b>	<b>(158.756.295)</b>

**NOTE 34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS**

None.

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

**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).

<b>Account Name</b>	<b>January 1, 2016 December 31, 2016</b>	<b>January 1, 2015 December 31, 2015</b>
Current Corporate Tax Provision (-)	(7.398.082)	(10.374.071)
Deferred Tax Income / (Expense)	(797.309)	1.613.932
<b>Total Tax Income / (Expense)</b>	<b>(8.195.391)</b>	<b>(8.760.139)</b>

**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.

<b>Account Name</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Provision for Taxes	7.398.082	10.374.071
Prepaid Taxes (*)	(6.529.658)	(9.972.508)
<b>Total Tax Liabilities of Current Period</b>	<b>868.424</b>	<b>401.563</b>

(\*) Returnable prepaid tax amounting to TL 1.296.778 which disclosed as Current Assets under Current Income Tax Assets for period ended.(December 31, 2015: TL 1.338.716)

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.

**Effective Corporate Tax Rate:**

According to the corporate tax law numbered 5520, which was published in the official gazette dated June 21, 2006, the effective corporate tax rate was set as 20%.

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 prior years' profits.

**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.

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

#### 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, 2016 Accumulated Permanent Differences	December 31, 2015 Accumulated Permanent Differences	December 31, 2016 Deferred Tax Receivable / (Payable)	December 31, 2015 Deferred Tax Receivable / (Payable)
Fixed Assets	2.832.158	12.403.810	798.459	(2.480.762)
Revaluation Surplus	7.799.467	9.051.746	(1.559.893)	(1.810.349)
Investment Property Valuation Differences (Equity)	13.543.191	13.543.191	(677.160)	(677.160)
Investment Property Valuation Differences (Statement of profit or loss)	47.282.611	28.266.418	(2.364.131)	(1.413.321)
Fiscal Loss	-	13.318.285	-	2.663.657
Depreciation Expense Allocated to Inventories	34.853	181.633	(6.971)	(36.327)
Rediscount Expense	952.794	2.039.939	190.558	407.988
Provision for Termination Indemnity	26.915.649	24.052.471	5.383.130	4.810.494
Provision for Doubtful Receivables	17.409.467	13.069.876	3.481.893	2.613.975
Provision for Law Suits	502.606	525.461	100.521	105.092
Provision for Decrease in Value of Inventories	-	6.932.262	-	1.386.452
Provision for Effective Interest Expense	77.411	309.699	15.482	(61.940)
Rediscount of Payables	-	256.028	-	(51.206)
Net Expenses/Income from Derivative Transactions	2.120.131	623.200	424.026	124.640
Provision for Unused Authorization	1.692.935	1.333.281	338.587	266.656
Periodicity Adjustments	171.868	2.883.151	(34.251)	576.630
Other	1.039.590	1.358.875	207.925	271.775
<b>Deferred Tax Assets / Liabilities</b>			<b>6.298.175</b>	<b>6.696.294</b>

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

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Balance at the beginning of the period	6.696.294	6.390.314
Equity Offsetting of Employee Termination Benefits Actuarial Gain/Loss	394.961	251.940
Equity Offsetting of Investment Property Appreciation Fund	-	(1.559.892)
Deferred Tax Income / (Expense)	(793.080)	1.613.932
<b>Balance at the end of the period</b>	<b>6.298.175</b>	<b>6.696.294</b>

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, 2016 December 31, 2016	January 1, 2015 December 31, 2015
<b>Reconciliation of Tax Provision</b>		
Profits obtained from continuing operations	38.480.674	44.410.968
Income tax rate %20	(7.696.133)	(8.882.194)
Tax effect:		
- Non-taxable Income	2.949.852	625.422
- Non-Deductible Expenses	(3.449.110)	(503.367)
<b>Deferred Tax Income / (Expense)</b>	<b>(8.195.391)</b>	<b>(8.760.139)</b>

**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, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Net Profit for The Period / (Loss)	30.254.361	35.771.578
Weighted Number of Shares	12.500.000.000	12.500.000.000
<b>Earnings per Share</b>	<b>0,00242</b>	<b>0,00286</b>

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

**NOTE 37 EXPLANATIONS OF RELATED PARTIES***37.1 Balances of Related Parties :*

<b>December 31, 2016</b>	<b>Receivables</b>		<b>Liabilities</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
Demisaş	909.458	-	-	-
<b>Total</b>	<b>909.458</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>December 31, 2015</b>	<b>Receivables</b>		<b>Liabilities</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
Demisaş	603.497	-	-	-
<b>Total</b>	<b>603.497</b>	<b>-</b>	<b>-</b>	<b>-</b>

There is not any guarantee taken from Group companies.

*37.2 Details of the Purchases and Sales of Related Parties :***December 31, 2016**

<b>Related Parties</b>	<b>Good and Service Sales</b>	<b>Rent Income</b>	<b>F/X – Interest Income</b>	<b>Other Sales</b>	<b>Total</b>
Demisaş	4.900.716	144.000	170.509	124.779	5.340.004
<b>Total</b>	<b>4.900.716</b>	<b>144.000</b>	<b>170.509</b>	<b>124.779</b>	<b>5.340.004</b>

<b>Related Parties</b>	<b>Purchase of Goods and Services</b>	<b>Rent Expense</b>	<b>F/X – Interest Expense</b>	<b>Other Purchases</b>	<b>Total</b>
Demisaş	-	-	34.725	249	34.974
<b>Total</b>	<b>-</b>	<b>-</b>	<b>34.725</b>	<b>249</b>	<b>34.974</b>

**December 31, 2015**

<b>Related Parties</b>	<b>Good and Service Sales</b>	<b>Rent Income</b>	<b>F/X – Interest Income</b>	<b>Other Sales</b>	<b>Total</b>
Demisaş	4.889.509	130.320	-	193.609	5.213.436
<b>Total</b>	<b>4.889.509</b>	<b>130.320</b>	<b>-</b>	<b>193.609</b>	<b>5.213.436</b>

<b>Related Parties</b>	<b>Purchase of Goods and Services</b>	<b>Rent Expense</b>	<b>F/X – Interest Expense</b>	<b>Other Purchases</b>	<b>Total</b>
Demisaş	-	-	-	72.469	72.469
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72.469</b>	<b>72.469</b>



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

#### *Benefits and Services Provided for Senior Management:*

Benefits and services provided for senior executives as of December 31, 2016 are TL 8.397.081. (December 31, 2015: TL 8.634.902)

#### **NOTE 38 THE CHARACTERISTICS AND LEVEL OF RISKS EXISTING FROM FINANCIAL INSTRUMENTS**

##### *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.

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

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 (-)	-	-	-	-
<b>3- US Dollar Net Effect (1+2)</b>	<b>(14.892.840)</b>	<b>14.892.840</b>	<b>(14.892.840)</b>	<b>14.892.840</b>
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 (-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>17.444.353</b>	<b>(17.444.353)</b>	<b>17.444.353</b>	<b>(17.444.353)</b>
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 (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>951.123</b>	<b>(951.123)</b>	<b>951.123</b>	<b>(951.123)</b>
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
<b>12- Other Net Effect (10+11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>3.502.636</b>	<b>(3.502.636)</b>	<b>3.502.636</b>	<b>(3.502.636)</b>

Foreign Exchange Rate Sensitivity Analysis Table				
December 31, 2015				
	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	1.858.345	(1.858.345)	1.858.345	(1.858.345)
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
<b>3- US Dollar Net Effect (1+2)</b>	<b>1.858.345</b>	<b>(1.858.345)</b>	<b>1.858.345</b>	<b>(1.858.345)</b>
In the event of 10% value change of Euro against TL				
4- Euro Net Asset / Liability	557.905	(557.905)	557.905	(557.905)
5- The part, hedged from Euro Risk (-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>557.905</b>	<b>(557.905)</b>	<b>557.905</b>	<b>(557.905)</b>
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset / Liability	136.795	(136.795)	136.795	(136.795)
8- The part, hedged from GBP Risk (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>136.795</b>	<b>(136.795)</b>	<b>136.795</b>	<b>(136.795)</b>
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
<b>12- Other Net Effect (10+11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>2.553.045</b>	<b>(2.553.045)</b>	<b>2.553.045</b>	<b>(2.553.045)</b>

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31,2016

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

#### Table of Foreign Exchange Position

	December 31, 2016				
	TL Value	USD	Avro	GBP	Other
1. Trade Receivables	354.880.817	23.927.285	65.076.788	6.771.988	-
2a. Monetary Financial Assets	23.763.062	5.764.551	897.165	34.282	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	10.451.303	1.146.996	1.732.035	(2.520)	-
<b>4. Current Assets Total (1+2+3)</b>	<b>389.095.182</b>	<b>30.838.831</b>	<b>67.705.989</b>	<b>6.803.751</b>	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Fixed Assets Total (5+6+7)</b>	-	-	-	-	-
<b>9. Total Assets (4+8)</b>	<b>389.095.182</b>	<b>30.838.831</b>	<b>67.705.989</b>	<b>6.803.751</b>	-
10. Trade Payables	67.724.664	18.690.834	503.265	18.712	-
11. Financial Liabilities	217.527.305	42.994.203	12.515.010	4.582.804	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>13. Total Short Term Liabilities (10+11+12)</b>	<b>285.251.969</b>	<b>61.685.037</b>	<b>13.018.275</b>	<b>4.601.516</b>	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	68.816.850	11.472.616	7.666.627	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>17. Total Long Term Liabilities (14+15+16)</b>	<b>68.816.850</b>	<b>11.472.616</b>	<b>7.666.627</b>	-	-
<b>18. Total Liabilities (13+17)</b>	<b>354.068.819</b>	<b>73.157.653</b>	<b>20.684.902</b>	<b>4.601.516</b>	-
<b>19. Net Asset/ (Liability) Position of Derivative Instruments</b>					
<b>off the Statement of financial position (19a-19b)</b>	<b>10.076.541</b>	<b>995.925</b>	<b>1.438.240</b>	<b>2.520</b>	-
19a. Total Amount of Hedged Assets	29.058.180	4.298.104	4.264.088	-	-
19b. Total Amount of Hedged Liabilities	18.981.639	3.302.179	2.825.849	2.520	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>45.102.905</b>	<b>(41.322.897)</b>	<b>48.459.326</b>	<b>2.199.577</b>	-
<b>21. Monetary Items- Net Foreign Currency Asset/ Liability position</b>	<b>35.026.364</b>	<b>(42.318.822)</b>	<b>47.021.086</b>	<b>2.202.097</b>	
<b>22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge</b>	-	-	-	-	-
<b>23. The Amount of Hedged part of Foreign Exchange Assets</b>	-	-	-	-	-
<b>24. The Amount of Hedged part of Foreign Exchange Liabilities</b>	-	-	-	-	-
25. Export	1.430.223.498	215.733.617	189.901.548	35.754.672	-
26. Import	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, 2016

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

	December 31, 2015				
	TL Value	USD	Avro	GBP	Other
	278.933.941	39.591.074	44.661.643	5.092.682	-
	21.213.678	6.345.040	717.961	112.410	-
	-	-	-	-	-
	821.646	135.684	134.421	-	-
	<b>300.969.265</b>	<b>46.071.798</b>	<b>45.514.025</b>	<b>5.205.092</b>	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	431.783	142.786	5.230	-	-
	<b>431.783</b>	<b>142.786</b>	<b>5.230</b>	-	-
	<b>301.401.048</b>	<b>46.214.584</b>	<b>45.519.255</b>	<b>5.205.092</b>	-
	26.289.870	7.790.356	1.142.316	2.048	-
	196.364.109	37.725.157	21.850.960	4.008.843	-
	-	-	-	-	-
	1.813.528	66.664	508.200	1.125	-
	<b>224.467.507</b>	<b>45.582.177</b>	<b>23.501.476</b>	<b>4.012.016</b>	-
	-	-	-	-	-
	62.389.781	15.388.064	5.553.703	-	-
	-	-	-	-	-
	-	-	-	-	-
	<b>62.389.781</b>	<b>15.388.064</b>	<b>5.553.703</b>	-	-
	<b>286.857.288</b>	<b>60.970.241</b>	<b>29.055.179</b>	<b>4.012.016</b>	-
	<b>1.263.944</b>	<b>21.146.994</b>	<b>(14.708.333)</b>	<b>(875.000)</b>	-
	61.633.623	21.146.994	-	-	-
	(60.369.679)	-	(14.708.333)	(875.000)	-
	<b>15.807.704</b>	<b>6.391.337</b>	<b>1.755.743</b>	<b>318.076</b>	-
	<b>15.103.859</b>	<b>(14.967.463)</b>	<b>16.832.625</b>	<b>1.194.201</b>	-
	<b>15.807.704</b>	<b>6.391.337</b>	<b>1.755.743</b>	<b>318.076</b>	-
	-	-	-	-	-
	-	-	-	-	-
	1.245.232.840	200.667.176	220.428.899	34.991.207	-
	1.668.315.986	603.611.701	6.003.931	5.496	-

(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.

<b>Fixed Interest Financial Instruments</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Financial Assets	14.596.630	16.953.895
Financial Liabilities	(474.103.896)	(431.344.413)
<b>Variable Interest Financial Instruments</b>		
Financial Assets	-	-
Financial Liabilities	(99.371.839)	(66.387.039)

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, 2016 , loss before tax and non controlling interests will be less with the amount of TL 5.588.791.(December 31, 2015:TL 4.807.776)

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2016 , loss before tax will be less with the amount of TL 993.719.

#### *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 detemined in the scope of determination of customer limits and is reported by limit determination committee which is composed of Group's senior management.In determinated 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.

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

#### CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables		Other Notes	Bank Deposits	Notes
	Trade Receivables	Other Receivables			
<b>December 31, 2016</b>	<b>Related</b>	<b>Other Related</b>			
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D)</b>	<b>909.458</b>	<b>354.122.338</b>	<b>- 45.650.875</b>	<b>26.498.333</b>	
- <i>The part of maximum risk secured by guarantee etc.</i>	-	141.611.521	-	22	22
<b>A. Net book value of financial assets which are undue or which did not decline in value</b>	<b>909.458</b>	<b>354.122.338</b>	<b>- 45.650.875</b>	<b>10-11 26.498.333</b>	<b>6</b>
<b>B. Net book value of assets, overdue but did not decline in value.</b>	-	-	-	-	<b>6</b>
- <i>The part secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
<b>C. Net book values of assets declined in value</b>	-	-	-	-	<b>6</b>
- <i>Overdue (gross book value)</i>	-	31.483.666	-	<b>10-11</b>	<b>6</b>
- <i>Decline in value (-)</i>	-	(31.483.666)	-	<b>10-11</b>	<b>6</b>
- <i>The part of net value secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>Undue (gross book value)</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>Decline in value (-)</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>The part of net value secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
<b>D. Elements containing credit risk off the balance sheet</b>	-	-	-	-	

#### CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables		Other Notes	Bank Deposits	Notes
	Trade Receivables	Other Receivables			
<b>31 Aralık 2016</b>	<b>Related</b>	<b>Other Related</b>			
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D)</b>	<b>603.497</b>	<b>376.571.770</b>	<b>- 45.778.436</b>	<b>34.686.289</b>	
- <i>The part of maximum risk secured by guarantee etc.</i>	-	36.333.853	-	22	22
<b>A. Net book value of financial assets which are undue or which did not decline in value</b>	<b>603.497</b>	<b>372.543.948</b>	<b>- 45.778.436</b>	<b>10-11 34.686.289</b>	<b>6</b>
<b>B. Net book value of assets, overdue but did not decline in value.</b>	-	-	-	-	<b>6</b>
- <i>The part secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
<b>C. Net book values of assets declined in value</b>	-	<b>4.027.822</b>	-	-	<b>6</b>
- <i>Overdue (gross book value)</i>	-	18.224.473	-	<b>10-11</b>	<b>6</b>
- <i>Decline in value (-)</i>	-	(14.196.651)	-	<b>10-11</b>	<b>6</b>
- <i>The part of net value secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>Undue (gross book value)</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>Decline in value (-)</i>	-	-	-	<b>10-11</b>	<b>6</b>
- <i>The part of net value secured by guarantee etc.</i>	-	-	-	<b>10-11</b>	<b>6</b>
<b>D. Elements containing credit risk off the balance sheet</b>	-	-	-	-	



(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, 2016

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
<b>Non-derivative Financial Liabilities</b>	<b>688.270.638</b>	<b>765.193.381</b>	<b>335.884.568</b>	<b>274.968.104</b>	<b>154.340.709</b>	-
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	-	-	-
-Related Parties	-	-	-	-	-	-
-Other	8.871.495	8.871.495	8.871.495	-	-	-
<b>Derivative Financial Instruments</b>	<b>Book Value</b>	<b>Cash Outflows Total As Per the Agreement</b>	<b>Less than 3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
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)	-	-
<b>Net Derivative Financial Instruments</b>	<b>2.413.283</b>	<b>2.413.283</b>	<b>1.478.250</b>	<b>935.033</b>	-	-

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

#### December 31, 2015

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
<b>Non-derivative Financial Liabilities</b>	<b>543.981.925</b>	<b>563.187.328</b>	<b>209.523.414</b>	<b>252.686.533</b>	<b>100.977.381</b>	-
Loans	497.731.452	516.488.060	163.078.061	252.570.515	100.839.484	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	173.739	195.120	14.306	42.917	137.897	-
Trade Payables	41.107.293	41.363.850	41.290.749	73.101	-	-
Other Payables	4.969.441	5.140.298	5.140.298	-	-	-
-Related Parties	-	-	-	-	-	-
-Other	4.969.441	5.140.298	5.140.298	-	-	-

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	61.486.998	61.486.998	14.649.385	46.067.099	770.514	-
Derivative Cash Outflow	(60.343.200)	(60.343.200)	(14.426.273)	(45.056.393)	(860.534)	-
<b>Net Derivative Financial Instruments</b>	<b>1.143.798</b>	<b>1.143.798</b>	<b>223.112</b>	<b>1.010.706</b>	<b>(90.020)</b>	-

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 is 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 consediration the decision mechanism in order to advicing and making suggestion to board.

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

**NOTE 39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)**

		Other Financial Assets Carried At Amortized Cost	Loans and Receivables	Financial Assets Ready for Sale
<b>31.12.2016</b>	<b>Notes</b>			
<b>Financial Assets</b>		<b>28.933.619</b>	<b>355.031.796</b>	<b>-</b>
Cash And Cash Equivalents	6	26.520.336	-	-
Trade Receivables	10	-	355.031.796	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	2.413.283	-	-
<b>Financial Liabilities</b>		<b>3.021.457</b>	<b>105.938.205</b>	<b>-</b>
Financial Liabilities	8	-	-	-
Trade Payables	10	-	105.938.205	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	3.021.457	-	-
<b>31.12.2015</b>				
<b>Financial Assets</b>		<b>34.704.244</b>	<b>377.175.267</b>	<b>-</b>
Cash And Cash Equivalents	6	34.704.244	-	-
Trade Receivables	10	-	377.175.267	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	1.263.944	-	-
<b>Financial Liabilities</b>		<b>-</b>	<b>41.107.293</b>	<b>-</b>
Financial Liabilities	8	-	-	-
Trade Payables	10	-	41.107.293	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	-	-	-

# SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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

Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement	Other Financial Liabilities Represented At Amortized Value	Book Value	Fair Value
-	-	<b>383.965.415</b>	<b>383.965.415</b>
-	-	26.520.336	26.520.336
-	-	355.031.796	355.031.796
-	-	-	-
-	-	2.413.283	2.413.283
-	<b>573.307.385</b>	<b>682.267.047</b>	<b>682.267.047</b>
-	573.307.385	573.307.385	573.307.385
-	-	105.938.205	105.938.205
-	-	-	-
-	-	3.021.457	3.021.457
-	-	<b>413.143.455</b>	<b>413.143.455</b>
-	-	34.704.244	34.704.244
-	-	377.175.267	377.175.267
-	-	-	-
-	-	1.263.944	1.263.944
-	<b>497.731.452</b>	<b>538.838.745</b>	<b>538.838.745</b>
-	497.731.452	497.731.452	497.731.452
-	-	41.107.293	41.107.293
-	-	-	-
-	-	-	-

(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.

<b>31.12.2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	-	-	-	-
Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement	-	-	-	-
Financial Assets Ready For Sale	-	-	24.558	24.558
<b>Derivative Instruments</b>		<b>(608.174)</b>	-	<b>(608.174)</b>
Other financial Assets /Liabilities carried at amortized cost (Net)	-	(608.174)	-	(608.174)

<b>31.12.2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	-	-	-	-
Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement	-	-	-	-
Financial Assets Ready For Sale	-	-	24.558	24.558
<b>Derivative Instruments</b>		<b>1.263.944</b>	-	<b>1.263.944</b>
Other financial Assets /Liabilities carried at amortized cost (Net)	-	1.263.944	-	1.263.944

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.

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

#### NOTE 40 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

With the Decision of Board Of Directors dated February 14, 2017 and numbered 1503/17.02, the group has decided to increase its issued capital from TL 125.000.000 to 200.000.000 by increasing TL 75.000.000 amount through meeting TL 50.445.488,25 amount from Positive Differences of Capital Adjustment, TL 24.554.511,75 from Extraordinary Reserves and remaining amount from internal resources. In the capital increase to be realized by 60%, it is decided that the shareholders of the Company shall be given free shares as their new shares in proportion to their shares they own and to apply to the Capital Markets Board for getting the necessary permits.

In Addition , with the decision made by Board of Directors dated February 16, 2017 and numbered 1505/17.04 which covers capital increase completion from TL 125.000.000 to TL 200.000 through meeting capital by internal resources, the application was made to Capital Markets Board in order to get necessary permits dated February 17,2017.

With the decision of the Board of Directors dated 01.03.2017 and numbered 1506 / 17.05, it has been decided to amend Article 6 titled "Capital" of our Articles of Association in order to increase the upper limit of registered capital TL 200.000.000 to TL 300.000.000 through increasing it by TL 100.000.000. In this context, it has been decided to apply to the CMB and the Ministry of Customs and Ministry of Commerce for the necessary permits.

#### NOTE 41 OTHER ISSUES

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.



# ARTICLES OF ASSOCIATION CHANGES

## FORMER TEXT

### CAPITAL

#### Article- 6

The Company accepted registered capital system in accordance with provisions of Capital Market Law numbered 2499 and moved into this system with permission of the Capital Market Board dated 23.3.1983 and numbered 75.

Registered capital cap of the Company is 200.000.000,- TL. (Two hundred million Turkish Liras), and each of them has nominal value of 1 KR (One Kurus), and divided into 20.000.000.000 (twenty billion) shares. Permission of the registered capital cap given by the Capital Market Board is valid for years of 2013-2017 (5 years). Even if registered capital cap that was permitted at the end of 2017 could not be achieved, it is compulsory to have authorization for a new period from the General Assembly provided that permission is obtained from the Capital Market Board for the cap given beforehand or for a new cap amount so that Board of Directors can make decision on capital increase after 2017. In case said authorization is not obtained, the Company is considered to leave the registered capital system.

Issued capital of the Company is 125.000.000,- TL. (One hundred and twenty five million Turkish liras). Each of this capital has nominal value of 1 KR (One Kurus), and 625 (six hundred and twenty five) has been divided into A group registered shares and 12.499.999.375 has been divided into B group bearer shares.

The Board of Directors is authorized to issue registered or bearer shares by means of determining group up to registered capital cap when it deems necessary in accordance with the Capital Market Law and relevant legislation provisions between the years of 2013-2017 and to increase issued capital.

Besides, the Board of Directors is authorized to issue share over nominal value, limit rights of sharers to have new rights partially or wholly or to increase allocated capital domestically and/or abroad. Decisions taken by the Board of Directors within the frame of authorization given in this paragraph are announced in accordance with principles determined by the Capital Market Board.

Shares which represent the capital are monitored via registration within the frame dematerialization principles.

## NEW TEXT

### CAPITAL

#### Article – 6

The Company accepted registered capital system in accordance with provisions of the Capital Market Law and moved into this system with permission of the Capital Market Board dated 23.3.1983 and numbered 75.

Registered capital cap of the Company is 300.000.000,- TL. (Three hundred million Turkish Liras), and each of them has nominal value of 1 KR (One Kurus), and divided into 30.000.000.000 (thirty billion) shares.

Permission of the registered capital cap given by the Capital Market Board is valid for years of 2013-2017 (5 years). Even if registered capital cap that was permitted at the end of 2017 could not be achieved, it is compulsory to have authorization for a new period from the General Assembly provided that permission is obtained from the Capital Market Board for the cap given beforehand or for a new cap amount so that Board of Directors can make decision on capital increase after 2017. In case said authorization is not obtained, the Company cannot increase capital with decision of the Board of Directors.

Issued capital of the Company is 125.000.000,- TL. (One hundred and twenty five million Turkish liras). Each of this capital has nominal value of 1 KR (One Kurus), and 625 (six hundred and twenty five) has been divided into A group registered shares and 12.499.999.375 has been divided into B group bearer shares.

The Board of Directors is authorized to issue registered or bearer shares by means of determining group up to registered capital cap when it deems necessary in accordance with the Capital Market Law and relevant legislation provisions between the years of 2017-2021 and to increase issued capital.

Besides, the Board of Directors is authorized to issue share over nominal value, limit rights of sharers to have new rights partially or wholly or to increase allocated capital domestically and/or abroad. Decisions taken by the Board of Directors within the frame of authorization given in this paragraph are announced in accordance with principles determined by the Capital Market Board.

Shares which represent the capital are monitored via registration within the frame dematerialization principles.

It was approved with permission letter of the Capital Market Board dated 20.03.2017 and numbered 29833736-110.03.02-E.3590.

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