ANNE ÇOCUK EĞİTİM VAKFI
AND IT'S SUBSIDIARY

Consolidated Financial Statements
As at and for the Year Ended
31 December 2016
With Independent Auditor's Report

30 May 2017
This report includes 3 pages of independent auditor's report and 32 pages of consolidated financial statements together with their explanatory notes and 2 pages of supplementary information.

ANNE ÇOCUK EĞİTİM VAKFI
AND IT'S SUBSIDIARY

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KPMG

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Independent Auditors' Report

To the Board of Trustees of Anne Çocuk Eğitim Vakfı

Opinion

We have audited the accompanying consolidated financial statements of Anne Çocuk Eğitim Vakfı ("AÇEV" or "the Foundation") and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and the cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the foundation as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as whole. The supplementary information included in Appendix is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The US Dollar amounts presented in Appendix are solely for the convenience of the reader as additional analysis and have not been subjected to the audit procedures applied in the audit of the basic consolidated financial statements. Accordingly, we do not express an opinion on this supplementary information.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Ruşen Fikret Selamet
Partner
30 May 2017
Istanbul, Turkey

Anne Çocuk Eğitim Vakfı And It's Subsidiary

Consolidated Statement of Financial Position

As At 31 December 2016

Amounts expressed in Turkish Lira "TL" unless otherwise indicated.

	Note	31 December 2016	31 December 2015
Assets			
Property and equipment	*8*	157.652	216.868
Intangible assets	*9*	60.926	95.534
Other non-current assets		6.871	7.309
Non-current assets		**225.449**	**319.711**
Trade receivables	*10*	11.149	19.305
Other current assets		26.186	20.139
Inventories		34.891	44.596
Cash and cash equivalents	*11*	17.186.675	15.019.525
Current assets		**17.258.901**	**15.103.565**
Total assets		**17.484.350**	**15.423.276**
Equity			
Retained earnings		2.171.999	643.917
Total equity		**2.171.999**	**643.917**
Liabilities			
Long term employee benefits	*15*	255.350	179.072
Non-current liabilities		**255.350**	**179.072**
Trade payables	*12*	68.725	205.351
Other current liabilities	*13*	172.150	185.917
Current tax liability	*16*	--	530
Short term employee benefits	*15*	163.817	156.798
Unused conditional donations	*14*	14.652.309	14.051.691
Current liabilities		**15.057.001**	**14.600.287**
Total liabilities		**15.312.351**	**14.779.359**
Total equity and liabilities		**17.484.350**	**15.423.276**

The notes on pages 5 to 32 are an integral part of these consolidated financial statements.

Anne Çocuk Eğitim Vakfı And It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

Amounts expressed in Turkish Lira "TL" unless otherwise indicated.

	Note	2016	2015
Revenue	*4*	9.028.184	9.373.247
Cost of projects	*4*	(7.673.270)	(7.304.792)
Administrative expenses	*6*	(1.546.943)	(1.700.962)
Other income		(36.857)	1.842
Results from operating activities		**(228.886)**	**369.335**
Finance income	*7*	1.767.571	81.188
Finance cost	*7*	--	(24.389)
Net finance income	*7*	**1.767.571**	**56.799**
Profit before tax		**1.538.686**	**426.134**
Income tax expense	*16*	(10.604)	(4.227)
Profit for the year		**1.528.082**	**421.907**
Other comprehensive income		**--**	**--**
Total comprehensive income for the year		**1.528.082**	**421.907**

The notes on pages 5 to 32 are an integral part of these consolidated financial statements.

Anne Çocuk Eğitim Vakfı And It's Subsidiary
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016
Amounts expressed in Turkish Lira "TL" unless otherwise indicated.

	Retained earnings	**Total equity**
Balance at 1 January 2015	222.010	222.010
Total comprehensive income for the year		
Profit for the year	421.907	421.907
Total comprehensive income for the year	**421.907**	**421.907**
Balance at 31 December 2015	**643.917**	**643.917**
Balance at 1 January 2016	643.917	643.917
Total comprehensive income for the year		
Profit for the year	1.528.082	1.528.082
Total comprehensive income for the year	**1.528.082**	**1.528.082**
Balance at 31 December 2016	**2.171.999**	**2.171.999**

The notes on pages 5 to 32 are an integral part of these consolidated financial statements.

Anne Çocuk Eğitim Vakfı And It's Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2016
Amounts expressed in Turkish Lira "TL" unless otherwise indicated.

	Note	2016	2015
Cash flows from operating activities			
Profit for the year		1.528.082	421.907
Adjustments for			
Depreciation expense	*8*	85.608	89.489
Amortisation expense	*9*	40.509	29.475
Provision for employee severance payments	*15*	224.324	265.495
Provision for / (release from) vacation pay liability		7.019	(6.257)
Loss on sale of property and equipment		--	369
Interest income	*7*	(1.598.011)	(46.615)
		287.530	**753.863**
Changes			
Change in trade receivables		8.156	6.079
Change in other assets		(5.610)	10.461
Change in trade payables		(136.626)	120.032
Change in other liabilities		(14.903)	221
Change in other payables		608	--
Change in unused conditional donations		600.618	12.997.671
Change in inventories		9.705	(18.704)
Severance paid	*15*	(148.046)	(294.158)
Net cash from operating activities		**601.432**	**13.575.465**
Cash flows from investing activities			
Acquisition of property and equipment	*8*	(26.392)	(24.570)
Acquisition of intangible assets	*9*	(5.901)	(81.381)
Change in accruals on time deposits		5.491	(15.972)
Interest received		1.598.011	46.615
Net cash (used in) / from investing activities		**1.571.209**	**(75.308)**
Cash flows from financing activities			
Dividends paid		(40.207)	--
Net cash (used in) / from financing activities		**(40.207)**	**--**
Net (increase) / decrease in cash and cash equivalents		**2.172.641**	**13.500.157**
Cash and cash equivalents at 1 January		15.003.442	1.503.285
Cash and cash equivalents at 31 December	*11*	**17.176.083**	**15.003.442**

The notes on pages 5 to 32 are an integral part of these consolidated financial statements.

1. Reporting entity

Anne Çocuk Eğitim Vakfı ("AÇEV" or "the foundation") was founded on 24 November 1993 pursuant to Law No: 743 published in the Official Gazette No: 21885 as a mother and children education foundation. As of 31 December 2016, the Foundation develops and implements early childhood and adult education programs aimed at children and families in need.

As of 31 December 2016, AÇEV has one (31 December 2015: one) subsidiary named as Anne Çocuk Eğitim Vakfı İktisadi İşletmesi ("the subsidiary" or "AÇEV İktisadi İşletmesi") (all together will be referred to as "the Group" or "AÇEV Group" herein and after). The consolidated financial statements of the Group as at and for the year ended 31 December 2016 comprises AÇEV and it's subsidiary.

The subsidiary of AÇEV, its city of incorporation and nature of business are as follows:

Special purpose entity	City of incorporation	Nature of the business
Anne Çocuk Eğitim Vakfı İktisadi İşletmesi	İstanbul / Turkey	Selling AÇEV products

The registered address of the AÇEV Group is:
Büyükdere Caddesi Stad Han No:85 Kat:2
34387 Mecidiyeköy-Şişli
Istanbul / Turkey

As at 31 December 2016, the number of employees of the AÇEV Group is 63 (31 December 2015: 71).

2. Basis of preparation

(a) Statement of compliance

The Group maintains their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles per Turkish Uniform Chart of Accounts, Turkish Uniform Chart of Accounts of Foundation and Turkish Commercial Code.

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Group management on 30 May 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in TL which is the Group's functional currency. All financial information presented in TL and other currencies are stated in full amounts, unless otherwise indicated.

2. Basis of preparation *(continued)*

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements is included in the following notes:

Note 8 and 9 – useful lives of tangible and intangible assets

Note 15 – employee benefits

(e) Changes in accounting policies

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods. The accounting policies have been applied consistently to all periods presented in these separate financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

(a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and its subsidiary on the basis set out in sections below. The financial statements of the entity included in the consolidation have been prepared as at the date of the consolidated financial statements.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Group.

ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies *(continued)*

(b) Foreign currency transactions

Transactions in foreign currencies are translated to TL at the foreign exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial instruments

Non derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial instruments comprise loans and receivables which include trade receivables, due from related parties, cash and cash equivalents, and other financial liabilities which include trade and other payables.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when, only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents comprise cash balances, bank deposits, other liquid assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and credit card receivables.

Trade receivables, which generally have 60-90 days terms and are carried at amortized cost less an allowance for any uncollectible amounts.

Trade payables are settled on terms from between 0-30 days, and are carried at amortized cost.

3. Significant accounting policies *(continued)*

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is recognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized at "other income" or "other expenses" in profit or loss.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property and equipment are depreciated from the date that they are available for use. From the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Leasehold improvement	5 years
Furniture and fixtures	5-15 years

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, also on a straight-line basis. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. Significant accounting policies *(continued)*

(e) Intangible assets

(i) Recognition and measurement

Intangible assets of the Group which consist of tenure of the donated property and equipment and computer license have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Rights	15 years
Software licences	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods is based on the weighted average method, and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3. Significant accounting policies *(continued)*

(g) Impairment

(i) Non-derivative financial assets

The Group's financial asset are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of non financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

3. Significant accounting policies *(continued)*

(h) Employee benefits

Employee severance pay liability

In accordance with existing labour law in Turkey, the Foundation is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Foundation calculated the severance pay liability by estimating the present value of future probable obligation of the Foundation arising from the retirement of the employees. The Foundation does not have any post-employment benefit plan.

Employee severance pay liability is calculated according to the ceiling rate announced by the Government. As at 31 December 2016, the ceiling rate is TL 4.297,21 (31 December 2015: TL 3.828,37)

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

The principle assumptions used in the calculation of the total liability in the accompanying financial statements at 31 December were as follows:

	31 December 2016	***31 December 2015***
Expected rate of interest rate increase %	11,00	10,30
Expected rate of salary/limit increase %	6,50	6,00

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and realised and change in actuarial assumptions. In accordance with IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group have not recognised any actuarial differences on reserve for employee severance indemnity in other comprehensive income both in the current and prior years.

Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

3. Significant accounting policies *(continued)*

(i) Revenue and cost of revenue

Donations

The Foundation recognizes donations as "Revenue" in the year of receipt, irrespective of based on these donations have been expended in the same reporting period. Donations, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are recognized as "unused conditional donations" until they become unconditional; that is, when the conditions on which they depend are substantially met.

Cost of projects mainly consists of the personnel expenses of the projects staff and academicians and other consultants, depreciation expenses, costs of consultancy and training projects, other costs related to design and develop the Foundation's educational activities.

Sales of goods

Revenue from the sale of preschool books, toys and playing cards is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer (i.e. upon delivery of goods), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract

(k) Finance income and cost

Finance income comprises interest income on time deposits and foreign currency gains on cash and cash equivalent and trade receivables. Interest income is recognised as it accrues, using the effective interest method.

Finance cost mainly comprises foreign exchange losses.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

3. Significant accounting policies *(continued)*

(l) Income tax

Income tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

According to 1st article of the Corporation Tax Law numbered 5520, foundations are not specified as corporate tax payer for its operations. In addition to Corporation Tax Law, according to the article 20th of the Amendments in some Laws and recognizing Tax Exemption to Foundations numbered 4962, the Foundation is exempted from corporate tax liability for its operations in Turkey.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its own assessment of many factors, including interpretations of tax law and prior year experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact profit or loss in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(m) Statement of cash flows

The Group presents statement of cash flows as an integral part of other consolidated financial statements to inform the users of consolidated financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

In statement of cash flows, cash flows are classified according to operating, investment and financing activities. Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group, if any. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to financing activities express sources of financial activities and payment schedules of the Group. Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits which their maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

3. Significant accounting policies *(continued)*

(n) Related parties

Parties are considered related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Group that gives it significant influence over the Group; or

(iii) has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is member of the key management personnel of the Group and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the normal course of business.

(o) Lease

Payments made under operating lease are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(p) Subsequent events

Subsequent events represents the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events); and

- to have evidences of related subsequent events occurred after reporting date (non adjusting).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

3. Significant accounting policies *(continued)*

(r) New standards and interpretations not yet adopted

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

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

3. Significant accounting policies *(continued)*

(r) New standards and interpretations not yet adopted *(continued)*

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in consolidated financial statements. The amendments will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Amendments to IAS 12 Income Taxes– Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory.

3. Significant accounting policies *(continued)*

(r) New standards and interpretations not yet adopted *(continued)*

Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Improvements to IFRSs

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

Annual Improvements to IFRSs 2014-2016 Cycle

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

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

IAS 28 "Investments in Associates and Joint Ventures"

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

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

4. Revenue and cost of projects

Revenue

For the years ended 31 December, revenue comprised of the following items:

	2016	2015
Conditional donations	7.926.230	7.488.109
Unconditional donations	1.016.046	1.797.867
Sales of AÇEV products	85.908	87.271
Total revenue	**9.028.184**	**9.373.247**

Cost of projects

For the years ended 31 December, cost of projects are as follows:

	2016	2015
Early childhood education program expenses	6.179.080	5.800.972
Adult literacy and woman's empowerment program expenses	1.402.704	1.456.578
Depreciation and amortization expenses	51.140	16.887
Cost of AÇEV products sold	40.346	30.355
Total cost of projects	**7.673.270**	**7.304.792**

5. Personnel expenses

For the years ended 31 December, personnel expenses were as follows:

	2016	2015
Cost of projects	3.907.521	4.133.441
Administrative expenses (Note 6)	816.518	856.871
Total personnel expenses	**4.724.039**	**4.990.312**

For the years ended 31 December, personnel expenses in cost of projects and administrative expenses, comprised of the following:

	2016	2015
Wage and salaries	3.427.841	3.860.172
Compulsory social security contributions	787.496	748.370
Other	508.702	381.770
Total personnel expense	**4.727.039**	**4.990.312**

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

6. Administrative expenses

For the years ended 31 December, administrative expenses were as follows:

	2016	2015
Personnel expense (Note 5)	816.518	856.871
Rent expense	339.852	333.435
Depreciation and amortization expense	145.601	129.299
Office expenses	74.977	102.077
Travel expense	62.710	74.420
Consultancy expense	58.599	44.466
Communication expense	19.300	39.610
Clean-up expense	9.985	7.614
Health expense	5.935	24.716
Tax expense except corporation tax	1.989	9.927
Insurance expense	1.621	3.864
Others	9.856	74.663
Total administrative expense	**1.546.943**	**1.700.962**

7. Finance income and costs

For the years ended 31 December, the finance income and costs were as follows:

	2016	2015
Interest income on time deposits	1.598.011	62.698
Foreign exchange gains	169.560	18.490
Total finance income	**1.767.571**	**81.188**
Other	--	(24.389)
Total finance income	**--**	**(24.389)**
Net finance income, net	**1.767.571**	**56.799**

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

8. Property and equipment

For the year ended 31 December 2016, movements in the Group's property and equipment were as follows:

Cost	1 January 2016	Additions	Disposals	31 December 2016
Furniture and fixtures	456.870	26.392	--	483.262
Leasehold improvement	373.958	--	--	373.958
Total	**830.828**	**26.392**	**--**	**857.220**

Accumulated depreciation	1 January 2016	Depreciation charge	Disposals	31 December 2016
Furniture and fixtures	(363.913)	(43.314)	--	(407.227)
Leasehold improvement	(250.047)	(42.294)	--	(292.341)
Total	**(613.960)**	**(85.608)**	**--**	**(699.568)**
Net carrying amount	**216.868**			**157.652**

For the year ended 31 December 2015, movements in the Group's property and equipment were as follows:

Cost	1 January 2015	Additions	Disposals	31 December 2015
Furniture and fixtures	434.856	24.570	(2.556)	456.870
Leasehold improvement	373.958	--	--	373.958
Total	**808.814**	**24.570**	**(2.556)**	**830.828**

Accumulated depreciation	1 January 2015	Depreciation charge	Disposals	31 December 2015
Furniture and fixtures	(320.126)	(45.974)	2.187	(363.913)
Leasehold improvement	(206.532)	(43.515)	--	(250.047)
Total	**(526.658)**	**(89.489)**	**2.817**	**(613.960)**
Net carrying amount	**282.156**			**216.868**

Depreciation expense for the year ended 31 December 2016 amounting to TL 34.714 (2015: TL 16.887) are recognised in cost of revenue and TL 50.894 (2015: TL 72.602) and in general and administrative expense, respectively.

As at 31 December 2016 and 2015, there is no pledge/mortgage on property and equipment.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

9. Intangible assets

For the year ended 31 December 2016, movements in the Group's intangible assets were as follows:

Cost	**1 January 2016**	**Additions**	**31 December 2016**
Rights (*)	173.786	5.901	179.687
Other intangibles (**)	31.307	--	31.307
Total	**205.093**	**5.901**	**210.994**
Accumulated amortisation	**1 January 2016**	**Amortization charge**	**31 December 2016**
Rights	(5.647)	(1.258)	(6.905)
Other intangibles	(103.912)	(39.251)	(143.163)
Total	**(109.559)**	**(40.509)**	**(150.068)**
Net carrying amount	**95.534**		**60.926**

For the year ended 31 December 2015, movements in the Group's intangible assets were as follows:

Cost	**1 January 2015**	**Additions**	**31 December 2015**
Rights (*)	31.307	--	31.307
Other intangibles (**)	92.405	81.381	173.786
Total	**123.712**	**81.381**	**205.093**
Accumulated amortisation	**1 January 2015**	**Amortization charge**	**31 December 2015**
Rights	(4.395)	(1.252)	(5.647)
Other intangibles	(75.689)	(28.223)	(103.912)
Total	**(80.084)**	**(29.475)**	**(109.559)**
Net carrying amount	**43.628**	**51.906**	**95.534**

(*) Rights comprised of tenure of a building amounting to TL 31.307 that was donated for a pre-determined time of 15 years.

(**) Other intangibles consist of software and computer licenses.

Amortization expense for the year ended 31 December 2016 amounting to TL 24.083 are recognised in cost of revenue and TL 16.426 and in general and administrative expense, respectively.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

10. Trade receivables

As at 31 December 2016 and 2014 trade receivables were as follows:

	31 December 2016	31 December 2015
Receivables from third parties (*)	11.149	19.305
Total	**11.149**	**19.305**

(*) Trade receivables are comprised of receivables amount from third parties resulting from donation gifts sales.

The Group's exposure to credit risk related to trade receivables is disclosed in the Note 17.

11. Cash and cash equivalents

As at 31 December 2016 and 31 December 2015, cash and cash equivalents are comprised of the following:

	31 December 2016	31 December 2015
Cash on hand	280	--
Cash at banks	17.131.119	14.547.531
Time deposits	*16.958.161*	*14.451.094*
Demand deposits	*172.958*	*96.437*
Cheques received	--	436.140
Other liquid assets	55.276	35.854
Cash and cash equivalents	**17.186.675**	**15.019.525**
Accruals on time deposits	(10.592)	(16.083)
Cash and cash equivalents in the statement of cash flows	**17.176.083**	**15.003.442**

As at 31 December 2016 and 2015, there is no restriction or blockage on cash and cash equivalents.

The details of the time deposits, maturity dates and interest rates of the time deposits of the Company as at 31 December 2016 and 2015 are as follows:

	Maturity	Interest rate	31 December 2016
TL	3 April 2017	7,80%-12,30%	14.970.000
Amerikan Doları	30 January 2017	1.90%-3.80%	1.320.379
Avro	31 January 2017	1,70%	667.782
Total			**16.958.161**

	Maturity	Interest rate	31 December 2015
TL	4 Jan.-28 Mar. 2017	7,75%-14,00%	13.592.879
Amerikan Doları	29 January 2017	1,90%	279.469
Avro	29 Jan.-1 Feb. 2017	1,90%-2,00%	578.746
Total			**14.451.094**

The Group's exposure to credit risk and currency risk related to cash and cash equivalents are disclosed in the Note 17.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

12. Trade payables

As at 31 December 2016 and 31 December 2015 trade payables were as follows:

	31 December 2016	31 December 2015
Accounts payables (*)	68.725	205.351
Total	**68.725**	**205.351**

(*) Trade payables are mainly comprised of payables to suppliers of training equipment, stationery and office equipment.

The Group's exposure to liquidity risk related to trade payables are disclosed in the Note 17.

13. Other liabilities

As at 31 December 2016 and 31 December 2015, other liabilities were as follows:

Other current liabilities	31 December 2016	31 December 2015
Taxes and duties payables (*)	83.524	91.154
Social security premiums payable	87.912	90.182
Other	714	4.581
Total	**172.150**	**185.917**

(*) Taxes and duties payables mainly comprised of taxes related to wages and salaries of personnel.

14. Unused conditional donations

As at 31 December 2016, unused conditional donations comprise of the donation amounts received but have not been utilized for any donation projects yet which is amounting to TL 14.652.309 (31 December 2015: TL 14.051.691).

Unused conditional donations movement were as follows:

	31 December 2016	31 December 2015
Balance at 1 January	14.051.691	1.054.020
Donations received	8.526.848	20.485.780
Donations used during the year	(7.926.230)	(7.488.109)
Balance at 31 December	**14.652.309**	**14.051.691**

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

15. Employee benefits

As at 31 December 2016 and 31 December 2015, employee benefits is comprised of the following:

	31 December 2016	31 December 2015
Short-term		
Vacation pay liability	163.817	156.798
	163.817	**156.798**
Long term		
Reserve for severance payments	255.350	179.072
	255.350	**179.072**

For the year ended 31 December, movements in the reserve for employee benefits were as follows:

2015	1 January	Provision for the year	Reversal	31 December
Vacation pay liability	163.055	38.584	(44.841)	156.798
Reserve for severance payments	207.735	265.495	(294.158)	179.072
	370.790	**304.079**	**(338.999)**	**335.870**
2016				
Vacation pay liability	156.798	11,283	(4,264)	163.817
Reserve for severance payments	179.072	224.324	(148.046)	255.350
	335.870	**235.607**	**(152.310)**	**419.167**

16. Taxation

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

Corporate income tax is levied at the rate of 20% (2015: 20%) and advance tax returns are filed on a quarterly basis.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

16. Taxation *(continued)*

Tax recognised in profit or loss

Income tax expense for the years ended 31 December comprised the following items:

	2016	2015
Current tax expense	(10.604)	(4.227)
Total tax expense	**(10.604)**	**(4.227)**

Taxes payable on income

In accordance with the tax legislation in Turkey, tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. Accordingly, the taxation charge on income is not equal to the final tax liability appearing on the consolidated statement of financial position.

Taxes payable on income as at 31 December comprised the following:

	2016	2015
Current tax expense	10.604	4.227
Less: Corporation taxes paid in advance	(10.604)	(3.697)
Total tax expense	**--**	**530**

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December 2016, deferred tax assets amounting to TL 70.896 (31 December 2015: TL 52.284) have not been recognised with respect to the temporary differences. Deferred tax assets have not been recognised in respect of these items because the Foundation is not subject to income tax.

17. Financial instruments

Financial risk management

The Foundation has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (currency risk, interest rate risk)

This note presents information about the Foundation's exposure to each of the above risks, the Foundation's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Trustees has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

Risk management frame work

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all administrative and academic personnel understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

17. Financial instruments *(continued)*

	Note	31 December 2016	31 December 2015
Cash and cash equivalents (*)	*11*	17.186.675	15.019.525
Trade receivables	*10*	11.149	19.305
Total		**17.197.824**	**15.038.830**

(*) Cash on hand excluded from credit risk.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

As of 31 December 2016, the maturities of financial liabilities including estimated interest payments are as follows:

31 December 2016	Carrying amount	Contractual /expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Trade payables	68.725	(68.725)	(68.725)	--	--	--	--
Total	**68.725**	**(68.725)**	**(68.725)**	**--**	**--**	**--**	**--**

As of 31 December 2015, the maturities of financial liabilities including estimated interest payments are as follows:

31 December 2015	Carrying amount	Contractual /expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Trade payables	205.351	(205.351)	(205.351)	--	--	--	--
Total	**205.351**	**(205.351)**	**(205.351)**	**--**	**--**	**--**	**--**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

17. Financial instruments *(continued)*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk through funding transactions for its campus construction. The main measurement currencies of its foreign exchange operations are US Dollar, EUR and GBP.

Exposure to currency risk:

The Group's exposure to foreign currency risk is as follows:

	31 December 2016 (TL equivalents)		
	EUR	**US Dollar**	**Total**
Cash and cash equivalents	694.547	1.355.933	2.050.480
Net exposure	**694.547**	**1.355.933**	**2.050.480**

	31 December 2015 (TL equivalents)		
	EUR	**US Dollar**	**Total**
Cash and cash equivalents	594.410	279.730	874.140
Net exposure	**594.410**	**279.730**	**874.140**

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

17. Financial instruments *(Continued)*

Currency risk (continued)

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate Group-level currency exposure. The aggregate foreign exchange exposure is comprised of all assets and liabilities denominated in foreign currencies.

10% weakening of the TL against the following currencies as at 31 December 2016 and 31 December 2015 would have effect on profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2016		31 December 2015	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
US Dollar	135.593	135.593	27.973	27.973
EUR	69.455	69.455	59.441	59.441
Total	**205.048**	**205.048**	**87.414**	**87.414**

(*) Changes in profit or loss included changes equity.

A 10 percent strengthening of the TL against the above currencies at 31 December 2016 and 31 December 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

As at 31 December 2016 and 31 December 2015 the interest rate profile of the Groups's interest-bearing financial instruments is:

	31 December 2016	31 December 2015
Fixed rate instruments		
Financial assets	16.958.161	14.467.177
	16.958.161	**14.467.177**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate assets and liabilities at fair value through profit or loss or equity. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

17. Financial instruments *(Continued)*

Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Where applicable, further information about the assumptions made in measuring fair values is disclosed in the notes specific to that asset or liability. Fair values have been determined for measurement and disclosure purposes based on the following methods.

(i) Trade and other receivables, trade and other payables

The fair value of trade receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair values of trade receivables are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

(ii) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values of trade payables are considered to approximate their respective carrying values since the market rates have not deviated from the effective rates used in determining the amortised cost of the trade payables and other payables.

Fair values

As at 31 December, the fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	31 December 2016		**31 December 2015**	
Assets carried at amortised costs	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	11.149	11.149	19.305	19.305
Cash and cash equivalents	17.186.675	17.186.675	15.019.525	15.019.525
Liabilities carried at amortised costs				
Trade payables	(68.725)	(68.725)	(205.351)	(205.351)
Net position	**17.128.099**	**17.128.099**	**14.833.479**	**14.833.479**

The carrying values of other financial assets and liabilities carried at amortised costs approximate the fair values as they are short term nature.

Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

18. Related parties

For the purpose of accompanying consolidated financial statements, key management personnel and the Board of Trustees members, and in each case, together with their families and companies controlled by/affiliated with them; and associates, investments and joint venture partners are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business.

Outstanding balances with related parties:

As at 31 December 2016 and 31 December 2015 the Group had the following outstanding balances with its related parties:

	31 December 2016	31 December 2015
Cash and cash equivalents	16.487.727	13.765.296

Transactions with related parties

For the years ended on 31 December, the Group has the following income from its related parties:

	2016	2015
Donations	175.896	5.000.000
Total	**175.896**	**5.000.000**

Transactions with key management personnel:

Key management costs including remuneration and fees for the year ended 31 December 2016 is amounted to TL 352.058 (2014: TL 337.000). Key management is defined as persons in board of trustees and the director of the Group.

19. Subsequent events

None.

Anne Çocuk Eğitim Vakfı And It's Subsidiary **Appendix I**

Supplementary Information
Convenience Translation to US Dollar
As At and For the Year Ended 31 December 2016

The US Dollar amounts shown in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income on the following pages have been included solely for the convenience of the reader. For the current year's consolidated financial statements, US Dollar amounts are translated from the consolidated financial statements using the official TL exchange rate of 3,5192 TL/US Dollar prevailing on 31 December 2016. For the prior year's financial statements, US Dollar amounts are translated from the consolidated financial statements presented using the official TL exchange rate of 2,9076 TL/US Dollar prevailing on 31 December 2015.

Such translation should not be construed as a representation that the TL amounts have been converted into US Dollar pursuant to the requirements of IFRSs or Generally Accepted Accounting Principles in the United States of America or in any other country.

	31 December 2016	**31 December 2015**
Assets		
Property and equipment	44.798	74.587
Intangible assets	17.312	32.857
Other non-current assets	1.952	2.514
Non-current assets	**64.062**	**109.958**
Trade receivables	3.168	6.639
Other current assets	7.441	6.926
Inventories	9.914	15.338
Cash and cash equivalents	4.883.688	5.165.609
Current assets	**4.904.211**	**5.194.513**
Total assets	**4.968.274**	**5.304.470**
Equity		
Translation reserves	(169.065)	(45.163)
Retained earnings	786.251	266.622
Total equity	**617.186**	**221.459**
Liabilities		
Long term employee benefits	72.559	61.588
Non-current liabilities	**72.559**	**61.588**
Trade payables	19.529	70.626
Other current liabilities	48.917	63.942
Current tax liability	--	182
Short term employee benefits	46.549	53.927
Unused conditional donations	4.163.534	4.832.746
Current liabilities	**4.278.529**	**5.021.423**
Total liabilities	**4.351.088**	**5.083.011**
Total equity and liabilities	**4.968.274**	**5.304.470**

Anne Çocuk Eğitim Vakfı And It's Subsidiary

Appendix I

Supplementary Information
Convenience Translation to US Dollar
As At and For he Year Ended 31 December 2016

	2016	2016
Revenue	2.991.347	3.447.441
Cost of revenue	(2.542.417)	(2.686.672)
Administrative expenses	(512.555)	(625.606)
Other income	(12.212)	677
Results from operating activities	**(75.838)**	**135.840**
Finance income	585.657	29.861
Finance cost	--	(8.970)
Net finance (costs)/income	**585.657**	**20.891**
Profit before tax	**509.819**	**156.731**
Income tax expense	(3.513)	(1.555)
Profit for the year	**506.306**	**155.176**
Translation reserves	**(110.580)**	**(29.457)**
Total comprehensive income for the year	**395.727**	**125.719**