

ANNUAL REPORT OF BOARD OF DIRECTORS

Dear Shareholders,

The balance sheet and the income statement as well as the annual report of our Company for 2017 have been drawn up and submitted for your information in accordance with the principles laid down by the Regulations on the Determination of the Minimum content of the Annual Reports of the companies. Accordingly;

Pursuant to the Article 4 of the Regulations, our annual report shall present the work and transaction flows of our Company pertaining to the respective financial year as well as the financial status thereof in all aspects by protecting the rights and the interests of our Company; enable our shareholders to have access to all information regarding the financial status of our Company completely and properly; evaluate the general properties of our Company's financial performance and financial status as well as the basic risks encountered by it. Accounting and financial reporting data will be presented, showing that the activities and the services of our Company are performed in most efficient, reliable and uninterrupted manner.

We hereby explain and submit the points set forth in the Article 7 of the Regulations in a detailed manner for your information.

1- General Information

Title of Company : Senkroma Boyar Madde Sanayi ve Ticaret A.Ş

Address of Registered Office : Beylikdüzü Organize Sanayi Bölgesi Mermerciler Sanayi Sitesi
1. Bulvar No: 9 Büyükçekmece, İstanbul

Register No : 337607

Shareholding Structure : Joint Stock Company

Name & Surname/ Title of Shareholder	Capital Amount TL	Share Percentage %	Number of Shares
Plastika Kritis SA	9.812.060	99,92	9.812.060
Mehmet Hamdi Yazır	8.308	0,08	8.308
Total	9.820.368	100	9.820.368

2- Board of Directors and its Financial Rights

President : Michail Lempidakis

Vice-President : Emmanouil Lempidakis

Member : Georgios Valergakis

Member : Ioannis Melas

Member : Mehmet Hamdi Yazır

Member : Antoine Risar Rossetos

There is no benefit provided to the members of the Board of Directors due to their memberships.

3- Research and Development Activities of the Company

Any research and development activity has not been carried out for the financial year 2017 of our Company.

4- Activities of the Company and Crucial Developments regarding its Activities

Information on Investments

At Gaziantep's Plant, a new production line Maris TM37 was acquired as well as 3 Gough Brand Screening Machines. At İstanbul's Plant, an old Renault Panelvan Minibus was replaced by a new one which is used for local deliveries in İstanbul. At İzmir's sales office, we installed a new shelving system for proper storage.

Information on Internal Control and Internal Audit System

SAP system has been put into use as of the beginning of 2015 and our internal activities have since always been carried out in accordance with the auditing and policy procedures of our Group. Our ERP was further customized and developed, were needed in 2017, in order to comply with new legislation or to meet reporting requirements.

Information on Direct and Indirect Subsidiaries

Our Company does not have any direct or indirect subsidiary.

Acquired Shares

Our Company hasn't acquired its own share.

Explanations on Private Audit

An independent audit report has been prepared by Taşınar Crowe Horwath Auditing Firm, for our Company in 2017 pursuant also to the international financial reporting standards (IFRS). As a result of the said report, it has been certified that the financial status of our Company as at December 31st, 2017 as well as its financial performance and cash flows pertaining to the year ended on the same date are represented correctly and fairly in accordance to the international financial reporting standards.

Explanations on Litigations against the Company

There is no litigation initiated against the Company which may affect the financial status or the activities of the Company adversely.

Administrative and Judicial Sanctions against the Company and the Members of the Board of Directors

There is no administrative or judicial sanction imposed on the members of our Company's board of directors due to the practices contrary to the provisions of the legislation.

Explanations on Targets Set in Previous Period

Our factory in Gaziantep has continued its production activities at levels similar to those of previous year. Powder production activities are continued by our factory in İstanbul as well. The targets projected in previous period have been achieved.

Explanations on Extraordinary General Board Meetings Held in Respective Period

No extraordinary general board meeting has been held during the year.

Donations and Aids

Our Company has not granted any donation and aid during 2017.

Explanations on Legal Transactions Executed with the Holding Company or any Company Affiliated to the Holding Company

There is no legal transaction executed with the holding company or any company affiliated to the holding company.

5- Financial Status

Explanations on Financial Status and Operating Results

Our net sales have increased by 26,12 % compared to 2016 and our operating profit has also increased by 28,86 % as compared with 2016.

Financial Data Compared to Previous Years

The financial data of our Company for 2017 in general terms are given hereunder in comparison to the previous year.

(TL)	2016	2017
Net sales	41.149.091,79	51.897.684,91
Gross profit from sales	9.893.801,21	11.856.270,64
Operating profit	3.292.729,36	4.243.136,09
Period profit/loss	(-) 285.777,92	(-) 886.032,39
Trading margin	% 24,04	% 22,85
Operating margin	% 8,00	% 8,18

Capital

The capital of our Company is not unsecured and has not gone into debt.

Measures Intended to Improving the Financial Structure

The need for improving the financial structure of the Company in not considered as necessary.

Dividend Distribution

Our company's profit distribution policy is stated in the company's articles of association. Accordingly, the net profit is the remaining amount after the deduction from the income, determined at the end of the accounting year, of the amount of general expenses and various depreciation charges, payable by the company. Provisions for taxes payable and other statutory liabilities are deducted First, the legal reserve at a rate of 5 % is allocated from the net profit.. A 5% first dividend share is allocated to the portion of the unpaid shares that is paid. The General Assembly is entitled to distribute a certain amount from the remaining profit as it determines to the members of the board of directors as well as officers, and workers of the Company. The remaining profit may be distributed partially or completely as a second dividend share or may be retained as reserve without being distributed according to the decision of the General Assembly Net profit will be distributed to the members of the board of directors, as well as to the shareholders as a second dividend. with an amount equal to 10% of the total amounts distributed to the directors, officers, workers and shareholders

required to be placed in a reserve according to the related article of the law. The dates as well as the manner and method of dividend payments to the shareholders are resolved by the General Assembly, which may delegate the authority to determine the date, percentage and method of dividend distribution to the board of directors.

Our Company has incurred a loss amounting to TL 886.032,39 in 2017.

6- Assessment of Risks and Management Mechanism

We will continue to work in order to ensure that the risk assessment is conducted efficiently in accordance with the best industry practices and Group policies and always in coordination with our internal audit procedure compliant to international professional practice framework and standards.

7- Conclusion

We are improving our activities in order to increase the profitability of our Company. We believe our performance will improve in the coming years especially after are new plans for capital investments and efforts to expand our customer portfolio and increase our sales. For these reasons we expect also that our financial statements in the coming years will reflect this.

I would like to thank you for your confident attitudes to date on behalf of myself and on behalf of the board of directors and pay my respects to all of our shareholders by wishing more fruitful future years for our Company.

President of Board of Directors
Michail Lempidakis

